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# Latin America Report

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## LATIN AMERICA REPORT

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## OIL PRODUCTION DROP, CAUSES DISCUSSED

Buenos Aires LA NACION in Spanish 1 Apr 82 p 9

[Commentary by Ricardo E. Gruneisen]

[Text] The country's authorities have rightly said that one of the most solid bases for bringing about necessary economic recovery--which could create serious tensions if it fails to show concrete signs in the near future--consists in increasing oil production. In other words, transforming ourselves from a quasi-self-sufficient country, but still an importer, into a country which exports a product that now has a firm, buyer's world market and high prices. This intelligent proposal would permit us to obtain genuine resources to alleviate our heavy foreign debt.

However, the fact of the matter is that instead of increasing our oil production is decreasing. After having almost attained self-sufficiency, we are beginning to once again fall back from this position and are facing the prospect of increasingly greater imports, with the consequent loss of foreign exchange and the need to bring something into the country from abroad which is more costly than what we have in our substrata that is cheaper.

This, which seems to be a tale by Kafka, is the truth. It would not be fair to blame the current authorities for this regrettable situation which is the result of an erroneous price structure that has been lagging for many years.

The drop in oil production in the months of January and February 1982 compared to the same period in 1981--140,000 cubic meters less--if extreme emergency measures are not taken, indicates a steep decrease in production of 1.5 million to 2 million cubic meters for the current year compared to 1981, that is, 6 to 7 percent less. The cause of this drop is the low price set by the government for the sale of crude oil and byproducts, which makes oil-producing activities unprofitable for the enterprises and only profitable for the Treasury. Above all it is unprofitable for the YPF [Government Oil Deposits] which is forced to continue working at a loss and accumulating a heavy debt. Since the YPF is the state and the state is the exclusive owner of the country's oil, it follows in the final analysis that the loss will be made up and will be paid by the entire country through inflation and the decreased value of the peso.

The fact of having oil does not mean that it can be sold at just any price nor that it can be used basically as food for the insatiability of the treasury.

The price does not cover costs, which have increased sharply since the violent rises in world oil prices in 1973 and 1979.

This has discouraged all investment in the oil industry which has a permanent need for large amounts of money that has an immediate multiplicative effect on the creation of wealth and work.

The oil industry of Argentina is totally regulated by the state, which sets prices beginning with the extraction of crude oil, moving through the stages of refining, transport and commercialization. What is more, the state arbitrarily determines the taxes to be imposed on the various byproducts and the selling prices to the consumer. This has been and continues to be state control.

Therefore, regulation covers oil from the point it emerges from the mouth of the well until the consumer receives his fuel. And that regulation for over 2 years has been behind the times. If prices fail to cover costs, the more produced the more that is lost and there is no investment.

The enterprises, including the selfsame YPF, which has been hurt the most in economic terms and in terms of image, cannot arrive at solutions if it is not through the process of going to knock on the doors of officials who are in authority at the time.

We are a country of high-cost, which is always less than import cost, presenting the paradox of our selling byproducts, particularly naphtha, at a cheap price, a large part of which is taken by the Treasury in the form of taxes. The international comparison which is apparent from the accompanying table is quite eloquent.

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## PERSONNEL CUTS TO AFFECT PRODUCTION OUTPUT

Buenos Aires LA PRENSA in Spanish 29 Mar 82 p 4

[Text] Mendoza (NA)--The "Llancanello" oil deposit could begin to produce "in a relatively short time" if tests by an American company are satisfactory; and it is estimated that daily output would total about 3,000 cubic meters. This information was supplied here by reliable sources.

The basin is located in a desert area in the vicinity of a lagoon, which is rich in fauna, 45 kilometers south of this capital, where drillings have been made to a depth of up to 1,000 meters.

An innovation technological process is being used by the Union Oil Company, a firm which agreed to take the investment risks in consideration of the possible feasibility of heating hydrocarbons with steam and in view of the size of the basin.

Work was begun in "Llancanello" in December 1981 with drillings by the ASTROFOR [Zastro Drilling Company] company; however, although it is said that the initial results will be known soon, the experimental program envisions an arduous 5-year task.

If the results are positive, several hundred drillings will be made until the 1,400-meter level is reached in the next 20 years.

The deposit could become one of the most important in the country because of its daily production, possibly greater than the current output of Puerto Rojas, another oil enclave located about 100 kilometers from the one situated in the outskirts of the town of Malargue.

## Fears

In some YPF quarters, however, there is a certain degree of fear over the increasing personnel cuts being made by the contract companies of that state enterprise, because of the possibility that these cuts could affect production and, in a way, compromise the success of the campaign.

It is also supposed that YPF policy, "if it does not produce new area bids," could endanger the future of the entire region, which as a whole produces about 1,000 cubic meters per day.

Technicians are in agreement that good results from the exploratory stage would bring with them large-scale developmmnt of the southern region of the province, as by means of dams and drainage canals enclosing the perimeter of the wells, the natural wealth of "Llancanello" would be preserved, particularly the fauna to be found in that locality which is of noteworthy beauty.

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## OBJECTIONS RAISED CONCERNING SUBSTRATA PRIVATIZATION

Buenos Aires LA PRENSA in Spanish 29 Mar 82 p 4

[Text] The officially leaked plan to privatize the substrata as a way of promoting the participation of private parties in extractive activities was objected to by speakers from various sectors during a round-table discussion.

Guillermo Cano, Emilio Cardenas, Jose Gimenez Rebora, Eduardo Pigretti, Eduardo Setti and Conrado Storani took part in the discussion which focused on the subject of "Control Over the Substrata and the Energy Patrimony."

The conference was convened by the Institute of Legislative Studies of the Argentine Federation of Attorney Societies whose president, Dr Jorge Reinaldo Vanossi, acted as moderator.

Cano said that he is a pragmatic antistatist and is opposed to all xenophobia; and, although he objected to the suggestion made by the minister of economy, which he considered already rejected moreover, he said he felt that he was close to Dr Roberto Alemann.

He considered it impracticable to order the privatization of the substrata for the stated purposes, in the first place because it would run counter to legal tradition and in the second place because the geologic unity of the deposits would make it impracticable and would also make secondary recovery from the oil wells impossible.

In his opinion, moreover, it is not now advisable to export oil and gas when international prices are low. It is definitely preferable to seek other sources of energy, such as hydroelectric energy.

Cardenas also felt it unnecessary to resort to privatization of the substrata, as other legal mechanisms exist to promote the activities of the private sector, such as concessions and risk and service contracts.

He said that the country has already had experience with those mechanisms and that in any case it would be easier to resolve their shortcomings than to attempt the privatization of the substrata, an option that was neither unique nor the most suitable.

He said that foreign extractive enterprises would only be attracted by spectacular geology which the country does not have or by competitive economic conditions, something that should be carefully analyzed.

Gimenez Rebora, after subscribing to the theses that mineral resources are the property of the national state, emphasized that oil was not being extracted in the country because factors were at play which forced it to buy oil.

He said that legislative changes per se would not mean that the spontaneity of the private behavior of large corporations would permit the country to attain oil self-sufficiency.

Later he said that when the country had granted concessions it had not resolved its energy problems. Nor was adequate extraction achieved when in 1967 greater rights were granted the concessionaires than in 1958.

He also observed that although the country maintains an import margin of 10 percent this is happening in a country that has been at a standstill and in retrocession for many years; therefore, the recovery of a normal level of activity would change that situation.

Pigetti carefully analyzed the legal and political precedents existing in the country on this subject and concluded that the predominant indicators were contrary to privatization of the substrata.

He said that both the [political] parties and experts had already spoken against privatization. He said that Bielsa had described it as "monstruous" and Joaquin V. Gonzalez feels that "there is no place for it" in our country. He only found favorable written opinions by Barry and Schenone.

Setti began by saying that he was in favor of national ownership of the substrata, considered the attainment of oil self-sufficiency of small significance and described the plan to dissipate the oil reserves to cover the foreign debt as a "blunder."

In his opinion, the two principal problems posed by oil concessions to foreigners are prices and the availability of the hydrocarbons extracted.

He said that for the private sector the problem of prices was the cause of continuing discussion and that when it noted weakness in the management of the national economy it brought pressure to obtain higher prices.

He called attention to the fact that payment is now being made to companies operating in the country at the price prevailing in the Persian Gulf of \$200 per cubic meter for the oil they extract, while the YPF [Government Oil Deposits] extracts the oil at a cost of \$100.

As for the availability of oil, he felt that the country should freely decide what use it will make of its oil and should not leave it in the hands of foreign companies. He said that after what had been spent on defense it was inexplicable that the management of the energy policy is to be turned over to

foreigners, which in the final analysis is the meaning of the measures proposed.

Storani placed the question in a political context and said that it was linked with what the country really wanted to be as a nation and emphasized the trend toward affirmation of national sovereignty which has been prevalent in the postwar world.

He described the OPEC policy developed by Sheikh Yamani as brilliant and said that the industrial powers with the recession had launched a counteroffensive against the legitimate aspirations of the oil producers to recover for themselves the use of their revenues.

Using the Argentine experience as his point of reference, he recalled that in 1922 the YPF had forced the multinational companies to lower the prices of fuel sold by them on three consecutive occasions and said that one of the reasons for the 1930 coup was to block approval of the oil-nationalization law.

He then said that in the case of Argentina, efforts were not being made to attain self-sufficiency but rather to resolve the problem of total energy needs, particularly through the use of hydroelectricity.

Storani also mentioned studies which have cited the potential existence of 30 billion cubic meters of oil reserves in the continental shelf and said that this explained the quick response of the multinational companies to offers of risk contracts to explore the submarine shelf.

While all countries are defending their sovereignty and their energy sources, our country appears to be walking in the opposite direction of history, he added, in reference to plans to privatize the substrata.

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## AD THREATENS TO BREAK PETROLEUM ACCORD

Caracas EL NACIONAL in Spanish 17 Mar 82 p D-14

[Article by Jorge Villalba]

[Text] Democratic Action (AD) threatened to break the still unimplemented petroleum accord if the government of President Herrera insists on using the assets accumulated in Venezuelan Petroleum, Inc. (PDVSA) and the Venezuelan Investment Fund (FIV) to finance ordinary expenditures.

Such a sharp warning, issued by Deputy Arturo Hernandez Grisanti, was the highlight of the Lower Chamber session resuming the debate on the petroleum and the fiscal situation. The rest was "shadow boxing" on the part of the opposition, which persisted in its criticisms of the government for not having foreseen the drop in prices when preparing the budget. The Social Christian Party (COPEI) remains silent, without its legislative group taking up the defense of the current administration in this matter up to now.

Alonso Ojeda Olachea (Communist Party of Venezuela--PCV) criticized the government for the makeup of the budget. He warned that the Executive Branch is seeking to take care of the budgetary deficit by indebtedness and the commitment to the assets of the FIV and the PDVSA. Among other things, Ojeda Olachea referred to some recent statements of Leopoldo Diaz Bruzual, president of the Central Bank, offering "suggestions" to do away with inflation. According to the communist legislator, that "suggestion" [sic] would effectively put an end to inflation, but would also waste away the large popular masses.

He decried the fact that Venezuela is being victimized by the multinational companies, which are the ones fixing the prices in the international market, and that the Montes de Oca-Garcia Bustillos delegation to Washington was taking along the reduction in the prices of our crude as a "gift" to the United States, without waiting for the OPEC meeting.

Next, he lashed out at the minister of energy and mines. He said that Calderon Berti is "in the pocket" of the multinational companies. He averred also that the government is "begging" the United States to purchase a few thousand additional barrels from us, and that that was the mission which took Minister Zembrano Velasco to meet with Haig.

Finally, taking the president at his word when he asked for suggestions to solve the crisis stemming from the drop in the prices of petroleum, the legislator set forth the proposals of the PCV, among which are the following:

Merge the operating enterprises of the petroleum sector, reduce the salaries and benefits of the directors of that sector, decrease production and protect prices within OPEC, tighten relations with Algeria and Libya, propound the banning of sales intended to build up inventories, lessen the treasury's dependence on petroleum, reform taxes on an emergency basis increasing the levy on the wealthy and exerting greater control over the tax evasion of monopolies, ban investment in unnecessary programs, and reactivate the National Energy Council.

In the absence of speakers Romulo Henriquez (Movement of the Revolutionary Left--MIR) and Abdon Vivas Teran (COPEI), AD Deputy Arturo Hernandez Grisanti took the floor for the second time in the debate.

At the start of his address, he criticized the arrogance of Minister Calderon Berti, who implied that spokesmen for the opposition have limited themselves to quoting facts and figures supplied by his office in the course of the legislative debate. Hernandez Grisanti devoted a substantial portion of his speech to answering the statements of the head of energy and mines.

The AD legislator and petroleum expert again criticized the government for estimating the petroleum income without paying attention to the indicators of the international petroleum market. He said also that since November 1981, it was evident that the industrialized countries were resorting to their inventories to force a drop in prices and thus break up OPEC, while the government asserts that is happening only now, in the first quarter of the current year.

Nonetheless, he was pleased because the government has begun to acknowledge that the goal should be the preservation of the prices of Venezuelan petroleum. Hernandez Grisanti emphasized that no medium-or long-term measures regarding petroleum can be adopted at this stage of the crisis without first solving the present difficulties.

He denounced, however, the fact that there are serious indications the government is seeking to use the assets accumulated in the PDVSA and the FIV to defray ordinary expenditures. He reiterated the decision of the AD National Executive Committee to oppose the use of the assets of the PDVSA for such a purpose, and to that end, it will rally all opposition parties and the social sectors. "Such an unwise decision, which jeopardizes the interests of the country, cannot be permitted," he said. "All attempts at a petroleum accord will be frustrated if the government persists in going that route," he concluded incisively.

On the other order of the day, the Chamber approved the bill sanctioning the Ibero-American Social Security Agreement on the first vote.

## NEED FOR OIL AGREEMENT WITH MEXICO UNDERLINED

Caracas NUMERO in Spanish 28 Mar 82 pp 22, 23

[Text] Now that petroleum is giving unpleasant surprises, it is interesting to remind Venezuelans of the immediate cause of the biggest drop registered in the prices of our crudes. It took place in the last days of February. Up to that time, Venezuela had discreetly readjusted the prices of its residual oils and, in some instances, of its crudes. But in February, the discount granted by the PEDEVESA [Venezuelan Petroleum, Inc] affiliates amounted to \$2.50. A drop comparable only to that of 1959, when the former foreign concessionaires reduced the average price of their crudes from \$2.20 to \$1.80 per barrel.

The reason in that case became evident. Days before, PEMEX [Mexican Petroleum] brought down the prices of its Maya crude, whose characteristics put it on a par with the crudes expected by Venezuela. In other words, the crisis of the world petroleum market became fully apparent to us only when Mexico decided to lower its prices. A dialectical tie had been suddenly established between the two countries. The moves of Mexico affect us more strongly than those of other producers in the international market. The analysis of Mexico's influence over the crude-consuming centers became a cardinal and unavoidable imperative for the economic policy of Venezuelaa.

## Mexico Alters Some Variables

Until a few years ago, Venezuela held solid positions in the petroleum market of the eastern seaboard of the United States. Our country was the only hemispheric producer supplying heavy crudes and residual oils to that section of the United States. The distance between our ports and the maritime terminals on the east coast of the United States is comparable to that separating Texas from the coast in question. On their outbound trips, our crudes and their derivatives traveled through waters that are absolutely safe for U.S. interests.

On the basis of such considerations, successive Venezuelan governments since 23 January 1958 until the advent of the international energy crisis demanded a hemispheric treatment for our crudes and derivatives. That policy was momentarily forgotten because the increase in prices and the ease of placement of crudes were such in 1973 that all wishes were fulfilled as if Aladdin's lamp had become a reality.

The emergence of Mexico as a big exporter of crudes alters that scenario. Mexico has petroleum reserves approximating 100 billion barrels, which ranks it in second place among all exporters. Half of the Mexican reserves are heavy crudes of the same composition and gravity as those of Venezuela. The distance between the Gulf of Mexico and the east coast of the United States is exactly the same as that which separates Maracaibo or Puerto La Cruz from the region in question. The sea lanes for the Mexican petroleum run through the safest regions for the United States in case of war. Venezuela has encountered a hemispheric competitor in the heavy crudes which our country preponderantly uses to compete in the U.S. market. Suddenly, the framework of our position as supplier changes substantially.

#### Competition Or Argeement?

Mexico is not a member of OPEC. It is not concerned with the agreements of that organization regarding prices and, eventually, levels of production, if OPEC gets to adopt any measures in the latter sense. It would seem that such conditions would make competition between Mexico and Venezuela inevitable. If it happens, one does not have to be a seer to predict the worst results for our country.

Mexico does not live from petroleum exclusively, and it could even dispense with crude without suffering an acute crisis. Among the big producers of the Third World, Mexico has the most diversified economy and carries the most weight, discounting petroleum, in world affairs. Unrestricted competition, even if OPEC would offer to back up Venezuela, would be fatal for us. Mexico holds the top cards for a winning hand against Venezuela.

The facts point up the convenience of a petroleum agreement with Mexico. It is difficult, evidently, because the countries that are better off have never agreed spontaneously to regulate international competition. However, the experience attained with the establishment and development of the OPEC would promote an understanding with Mexico.

When OPEC was founded, the Arabs had obvious advantages over Venezuela as petroleum producers. But the individual advantages at the time were not as good as those that could be obtained if the producers attempted to create a cartel. Let us recall some of the principles of the oligopoly or the cartel as they have been set forth by economic theory. A cartel of producers or an arrangement among them will sustain itself when the overall advantages of a concerted price fixing surpass those which could be individually obtained by the members that are better off. It is necessary to analyze the prospects to determine if an agreement with Venezuela would be more advantageous for Mexico than its independence as a producer.

#### The Agreement and the Prices

The U.S. market in heavy crudes and residual oils will not grow much in the future. Rand Corporation predicts a decline in demand for those kinds of crudes and products on the eastern seaboard of the United States during the next few years due to technological changes. In order to profit from all its

advantages as a producer, Mexico would have to lower prices to the point that it would be more advantageous for the U.S. consumer to use petroleum rather than coal and other substitutes. Prices would have to drop maybe \$20 per barrel. Thus Venezuela would be excluded from the heavy crudes market. As can be seen, it is an improbable hypothesis owing to the drop in prices that would have to be allowed.

Mexico could accept from Venezuela a set of prices that would afford earnings on the sale of heavy crudes that are somewhat higher than those that country would get in the case of an unrestricted competition giving it a larger share of the U.S. market. There is a practical experience that would facilitate the agreement between the two countries, and our petroleum diplomacy should work at it. When Venezuela lowered its prices, production increased by 139,000 barrels daily. That means that Venezuela can recoup a portion of the market by resorting to a price war. We are not so defenseless. If these facts are acknowledged, the petroleum accord between the two countries to handle the U.S. market should not meet insurmountable obstacles. Undoubtedly, that accord is at present one of the most important alternatives in the international economic policy of Venezuela, and a strategic adjunct to our participation in OPEC.

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## MALVINAS RECOVERY SEEN AS WAY TO REAFFIRM SOUTH POLE REGION

Buenos Aires LA PRENSA in Spanish 6 Apr 82 p 14

[Article by Rogelio Garay: "The Conquest and the Colonization of the South"]

[Text] The occupation of the Malvinas, South Georgia and South Sandwich Islands has definitely opened the doors to our country's southern destiny.

The possession of the South Antilles arc is the most conclusive argument to justify the possession of the Antarctic territories claimed by Argentina.

The usurpation of the Malvinas, by force, 149 years ago, and that of the Georgias, which began in 1908 and was completed in 1950, was an argument put forth by Great Britain to seek possession, not only of all the islands of the South Atlantic and their adjacent zones, but also of the extensive Antarctic territories contained between the 20 and 80 degree west longitude meridians.

With the Malvinas, South Georgia and South Sandwich Islands recovered, at least that type of British aspiration has collapsed; because they have nowhere in which to establish themselves, and the Argentine rights to a very lovely and extensive region, the end boundary of which is the Pole, are vigorously campaigning for its jurisdiction.

In any event, despite the significance and marvel that the recovery of the usurped islands has represented to the Argentine people, the military action brilliantly executed on 2 April is just the first step on the long, heroic path that the country will have to traverse in order to affirm itself definitively in the southern seas and territories which belong to it as a result of geographical proximity and historic destiny.

This path southward injects the country into a hostile zone where Great Britain and Chile are the leading, but not the only rivals.

One need only recall that, in the Antarctic territory claimed by Argentina, there are 30 foreign bases, 18 of which are British, six Chilean, three American, two Russian and one Polish. Our country has 15, but they have proven insufficient to provide the proper backing for Argentine interests in the most coveted Antarctic region.



In 1959, the Antarctic Treaty went into effect for a period of 30 years, during which the aspirations to sovereignty in the southern continent have been frozen (pardon the paradox). But that period expires in only 7 years, in 1989; and when the treaty was signed there was not yet any clearcut notion of the real economic and strategic importance of the Antarctic. Now there is, and the international pressure will increase day by day.

Proceeding directly to the immediate aspect, the Chilean claims to seas and platforms in the South Atlantic, or more appropriately east of the Cape Horn meridian, have been considerably fostered by the iniquitous arbitrator's decision of 1978; and obviously, despite the best intentions of the Holy Father, since this is a temporal issue, it has to be resolved directly between the two countries.

All these Argentine territories, platforms and seas which have been occupied (such as Picton, Lennox and Nueva Islands) or claimed by other countries (such as the Antarctic peninsula) comprise a latent area of conflict and hostility, as the incidents in the South Georgias have clearly shown.

#### Civilian-Military Action

Just as in the Spanish reconquest of the land in the possession of the Moors, or the Spanish colonization in America, or the conquest of the desert achieved by the Argentines in 1880, completely joint military and civilian action is necessary in the reconquest of the south.

The merely military occupation of territories is expensive, and of uncertain fate. Only the settlement of a population insures the definitive incorporation of a region, regardless of how valid the rights are and how sizable the military forces detailed to the area are.

In the current Argentine situation, the military operations which began on 2 April will most likely not end with the mere occupation of the Malvinas, and South Georgias.

From now on, the impoverished Argentine economy, devastated by 6 years of erroneous administrative, exchange and financial management, will have to cope with large military expenditures which are completely unavoidable, because the nation's destiny and honor are at stake.

This entails recognition on the government's part of the mistakes that have been made (which are calamitous in the strictly financial area) and a revision of the system that has been used, with interest rates which have destroyed the country's entire productive apparatus, without taking note that part of it was good, bad, fair, disastrous or excellent.

If the entire country is committed to the process of a military action the legitimacy of which is agreed upon by everyone, but the end results of which will depend on the joint, solidary effort of every last one of the inhabitants, the least that the individuals with positions of responsibility in the government can offer is clear, very clear accounts, not only of what is collected and from whom it is collected, but on what it is spent and on whom it is spent.

Public and private ethics are based on information, on the decent, honorable and fitting information that all the individuals and institutions of a country wherein there is self-respect and respect for others are dutybound to provide; of a country whose soldiers are dying on distant southern islands, attempting to recover a destiny of greatness which Argentina has not yet given up.

### Patagonia

From a geopolitical standpoint, it is obvious that the country needs to take its economic effort southward. This means repopulating Patagonia, whose industries have suffered great damage during the past 5 years, as proven by the Trelew industrial park, which has been reduced to a third (1,500 employed workers, as compared with 4,500, 5 years ago), because of an economic and financial policy which did not forgive skin, color or class.

The reinforcement of the Patagonian economy must include the reactivation of its ports and fishing fleets, and the exploration and development of the resources offered by the Argentine continental shelf consisting of nearly a million square kilometers submerged from the coast to the 200 meter isobath.

It would be very fitting to create an insular province, which would include the Malvinas, and Georgias, Cormoran and Negra Reefs and the South Sandwich Islands, of tremendous strategic and economic importance.

It would also be necessary to create the province of Tierra del Fuego, Cape Horn, South Shetlands, Antarctica and South Orkneys.

This new province would require the establishment of an Argentine base at the South Pole (where there is now only the Amundsen-Scott American base), with which we would demarcate our current boundary exactly; as well as the conversion of the present Argentine Army Esperanza Base into Ciudad Esperanza, with a civilian settlement.

In order to lend these new provinces an economic impetus, it is essential to amend the present Law 19,640, issued during 1972, at a time that was by no means brilliant in the realm of foreign policy. In fact, it was a calamitous period which was finally terminated on 2 April.

Article 18 of Law 19,640 states, verbatim: "The exports from the continental national territory to the free trade zone created by this law will be subject to all the applicable provisions regarding exchange requirements, restrictions on exports, drawback, and refunding or reimbursement of duties on exporting and of taxes on or in connection with exporting, as if exporting goods abroad were involved."

This article, and the overall spirit of the law, relates to the creation of the free trade area of the national territory of Tierra del Fuego, Antarctica and the South Atlantic islands, with the exception of Isla Grande de Tierra del Fuego, which is regarded as a "special customs area."



This discrimination between continental territory, Isla Grande de Tierra del Fuego and the islands of the South Atlantic and Antarctica is completely contrary to the notion of territorial unity and sovereignty upheld by our country from La Quiaca to the South Pole.

The relative advantages that this law has afforded the industries established on Isla Grande de Tierra del Fuego could be offered by another type of exemption that would not be so detrimental to our sovereignty as the customs types. There is no reason to create internal customs duties in any part of the country, much less in territories, islands and seas that we want to reconquer and colonize.

The measures for the economic development of Patagonia, the continental shelf, the Malvinas, Georgias and Sandwich Islands, the Tierra del Fuego archipelago, the Shetlands, the Antarctic peninsula and the South Orkneys must be promulgated rapidly, so as to continue to occupy the territories, islands and seas which will serve as a basis for our future greatness.

2909

CSO: 3010/1355

## PLANS FOR POLITICAL UNITY REASSESSED IN VIEW OF EVENTS

Buenos Aires LA NACION in Spanish 11 Apr 82 pp 8-9

['Political Week' column: "The Conception of a Political Plan"]

[Text] The Three Achievements

As a projection of the temperature of yesterday's event, within the next 60 days the government of the Armed Forces may call together the heads of all the national political parties for the purpose of deciding on the bases of a definitive, common political plan.

Neither the civilian leaders nor the main military protagonists who admit such a possibility at this critical time know yet exactly the specific manner in which the all-important agreement would be reached.

But countless signs noted recently clearly demonstrate that, underlying the undivided platform spontaneously created against the threat of foreign aggression, both sides are feverishly deliberating to find channels of communication and reasonable formulas.

The basic underlying concept in the plan which the military authorities have made in this connection was definitely depicted last Wednesday by the general secretary of the presidency, during a televised interview.

On that occasion, Gen Hector Iglesias, perhaps one of those who most faithfully reflect the president's inner thoughts, listed the three achievements which, in his opinion, lend historic legitimacy to the military process begun in 1976: the defeat of subversion, the recovery of the Falkland Islands and, associated with the foregoing, the establishment of bases for a lasting national political unity.

With the first one obviously completed, and the second one on the way toward consolidation, depending on the outcome of the conflict with Great Britain, it does not seem rash to guess that the course of action for attaining the third one is being duly assessed by the government.

In this respect, a mere overall view of the current power structure would indicate that the political decision is being conceived at present in the small area of the military junta, around a main axis that is the personage of Lt Gen Galtieri himself.

## Seven Basic Points

As has been learned from very reliable sources, the latter has had a four-page report on his desk for several days. There are suggested in it measures the purpose of which is to cast the new situation created internally since the landing of 2 April.

The document which, the aforementioned sources presume, was prepared in the offices of the general secretary reportedly begins by stating that "an unprecedented political situation" has been created in the country, which must be addressed with similarly unprecedented action by the government.

The report is said to contain the following suggestions, among others;

1. To establish channels of communication with all the political parties, with a view toward their participation in the agreement on a minimal political plan;
2. Passage of a generous amnesty law for all those who have committed political crimes, the scope of which might also include the situations stemming from the war against subversion;
3. Total or partial repeal of the Institutional Responsibility Act;
4. Lifting of the political ban, through the passage of the new statute for the political parties (an abrogation of the ban without the simultaneous enactment of a new statute seems unthinkable, because, in such a contingency, the parties would be automatically governed by the Illia Statute);
5. Lifting of the state of emergency;
6. Passage of a special temporary regulation that would make it possible to keep certain individuals proven to be a terrorist threat at the disposal of the executive body;
7. Commutation of penalties.

Unlike the clear motivation that is implicit in the measures presumed to have been assessed, there is as yet no clearcut notion of the means for bringing about the rapprochement with the representatives of the civilian authority.

At the last minute, the idea of a "coalition cabinet" or an "extended cabinet" as some prefer to call it, reportedly lost significance on both fronts.

## The Representative Status of the Parties

Despite the emphasis placed by some of the leading participants in the events that are under way, aimed at stressing the virtues of the formula, both sides are said to have ended up calling attention to the inevitable contradictions that would arise in the government action of individuals who would be thinking simultaneously of the internal processes of their respective parties.

In fact, a mere prediction of times indicates that the establishment of a new group of ministers would coincide with the party reorganization that must follow

the passage of the statute. Of course, it is not difficult to imagine the exploitation that the radicalized internal movements would make of the presence of their moderate fellow party members in the government.

Favoring the virtual abandonment of that proposal (there are some who claim that it should not be totally precluded yet), there has begun to be talk of an emergency "council of state" assigned to accompany the military government during its final term until the institutional normalization occurs.

With powers similar to those which the National Consultative Junta had in 1955, the entity would consist exclusively of representatives of the political groups, with the express exclusion of the intermediate bodies.

With regard to the latter stipulation, it is not rash to conjecture that the decision concerning who are to be convoked will be one of those most difficult to make.

There is already more than sufficient evidence to warrant anticipating that this will be one of the preliminary issues the proper resolution of which will determine to a large extent the success or failure of the substantial agreement that is being sought.

Thus far, the spokesmen for the Armed Forces queried by LA NACION have been inclined toward the view that only the parties should be present, in both the convocation that the government will reportedly issue soon and in any subsequent arrangement that may be made to establish the agreements that are reached.

#### The Sectorial Presence

In this connection, it is time to recall old and recent individual messages from the commanders and from the junta itself, wherein the parties are described as valid tools for channeling the opinion of all sectors of the citizenry.

From this position, which of course has the backing of most of the existing groups, it is argued that, regardless of how respectable and worthy of consideration the interests of the trade union and managerial organizations may be, their positions, which are necessarily sectorial owing to the very partial nature of the groups, must not enter in, at a time when no less than a new profile of the nation is being redefined, both internally and externally.

In contrast to those who claim that all the sectorial trends should be channeled within the parties, the Peronists, for example, have appeared predisposed to favor the presence of the trade union groups and the managerial organizations at the negotiating table.

This was done by the head of the Justicialist National Council, Notary Felipe D. Bittel, at the meeting last Monday at the Ministry of Interior; and, more recently, by Dr Raul Matera, in a public appeal to Lt Gen Galtieri.

On the occasion of that meeting with politicians, the categorical challenger of the Peronist proposition was Dr Alberto Robredo, coordinator of the party headed

by Manrique. Robredo maintained that, while the sectors represent interests, the parties represent doctrinal objectives of a universal nature. Therefore, as a political person, he would not agree to yield his responsibility to intermediate leaders.

Midway between the most clearcut positions are individuals such as Dr Ricardo Yofre who, with the benefit of his independence from any political party, has recently been able to play a significant role as a bridge.

From that intermediate position, the problem would be viewed as follows: The parties have yet to become continents with total representative status. Until this occurs, the facts show that the real power also involves those intermediate organizations. Hence, let us also negotiate with them, for the sake of soundness in the final agreement.

#### The Memory of a Failure

Whatever view is adopted in the end, the political society is vacillating over the new formats, because it is known that the latter assume importance in circumstances such as the present ones, wherein the usual frames of reference appear to be challenged in essence.

Last night, when the echoes of the large throng gathered on Plaza de Mayo had not yet subsided, Prof Americo Ghioldi told a reporter from this newspaper: "I view the search for a cabinet of the patriotic parties, and hence the search for a leader with this idea, only with skepticism."

The veteran Social Democratic leader gave a reminder (also with skepticism) of the experience of the Consultative Junta in 1955. He recalled: "It was created with the best prospects, with Radicals, Catholics, Socialists, progressive Democrats, Conservatives and even a Federalist; but soon its essential purpose was perverted, and it became a sham parliament.

"Rather than any idea of that type, there must be a substantial, definitive dialog between the government and the parties, so as to achieve the institutional reconstruction on a reasonable basis."

There is another formula as well. It is the one starting to be conceived within the multiparty entity, which is apparently willing to be converted into a kind of National Emergency Council, including heads of parties which had been kept out of the group until now.

The action in this direction began in mid-week, with the notion that they would come up with a position assumed the day before yesterday. However, the deadline could not be met, because it was soon realized that the invitation could not be indiscriminate.

The members of the five convoking parties asked themselves: What sense would it make, under the present circumstances, to include the small Socialist factions, the Communist Party and countless abbreviations that are afoot?

Last night, the predominant view was that favoring inviting only the groups with recognized legal status on the national level.

So, if the meeting which the five party presidents have planned for tomorrow afternoon is held on that basis, the ones included would be the following: the Progressive Democratic Party, the Social Democratic Party, the Federal Party and the Popular Leftist Front.

However, the main flaw in the formula that has been found is that it would not allow for the inclusion of the Popular Federalist Force and the Popular Line.

#### Scope of the Group

It is likely that the new group will survive even after its priority mission to show the world that Argentina is united in the emergency has been accomplished.

For the present, some of its main promoters have not concealed their wish that the focal point of civilian power be kept a safe distance from the military government in all matters not directly linked to the conflict with Great Britain, with a view toward enduring as a valid alternative whatever the situation of the country after the diplomatic and military resolution of the conflict may be.

Within this context, therefore, there must be included the interview sought with the American Secretary of State, Alexander Haig, by some political leaders who, in this regard, adopted an idea which originated in the Radical Civic Union.

A clear indication of the different scopes that each of the parties wishes to give to the expanded group is unquestionably the lobbying being done regarding the sending of leaders abroad to explain the country's reasons for the military occupation of the Falklands.

It may be somewhat significant for this analysis to point out that, before any joint deliberation, several politicians expressed their most candid and spontaneous willingness to go along with that proposal.

Among others, mention must be made of Drs Rafael Martinez Raymonda and Francisco Cerro, who leave for Italy tomorrow; Antonio Caffiero, who will be leaving for the United States, most certainly in the company of a Radical; and Jose A. Allende, who will travel to Venezuela.

Also planning to depart on subsequent days are: Vicente L. Saadi, to Mexico; Jorge Vazquez, to the Dominican Republic and France; and Luis Leon, to the Federal Republic of Germany.

Previously, the leader of the Chaco Radical Party will reportedly complete the negotiations that he began for the purpose of obtaining a declaration of support from the Latin American Parliament, which is anticipated within a few hours.

Raul Alfonsin, who has not concealed his skepticism about the operation that is under way, will remain in Buenos Aires.



## Lessons From Old Mistakes

Departing for a moment from the precipitous sequence of events, it is fitting to reflect on the degree of consistency that the present internal political situation has maintained, despite its obvious fluidity, with the state of affairs prior to the Falklands incident.

In this regard, it has not been until now that the discreet contacts made by government officials with Notary Bittel and other leaders who were not in the habit of appearing with an attitude of holding dialog with the military authorities seem to have assumed their true significance.

Another background item which illustrates the way in which the present political thinking of the Armed Forces has been proceeding relates to what Lt Gen Galtieri remarked during the last meeting of generals.

According to qualified sources, the commander summarized his ideas on the future in the following points:

1. The Armed Forces are maintaining their power of convocation.
2. A leap into the vacuum such as occurred in 1973 should not be anticipated by any means.
3. The time has come to understand (Galtieri reportedly said) the mistake made by the Army in 1978, when it opposed the proposal of Lt Gen Videla to revamp the national cabinet including civilian personages, with a view toward political openness. On that occasion, the then general secretary of the presidency, Gen Villarreal, had designed a ministerial list which included Drs Oscar Camilion, in the Ministry of Foreign Relations, Rafael Martinz Raymonda in the Ministry of Social Welfare, Guillermo Acuna Anzorena in the Ministry of Labor, Amadeo Frugoli in the Ministry of Justice and Ruben Blanco in the Ministry of Education.

The commander reportedly added: "With that decision, we lost 4 years."

4. Finally, the commanders were urged by Galtieri to understand that his action had prompted him to raise both arms on more than one occasion; something which should not, under any circumstances, be viewed as a populist or personalist proclivity.

After hearing the tone of the address delivered by the president yesterday from the Casa Rosada balcony, one would say that he had an anticipation of future events.

2909

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## GALVEAS: 7.2 PERCENT INFLATION RATE BAD, BUT EXPECTED

Rio de Janeiro O GLOBO in Portuguese 3 Apr 82 p 16

[Text] Finance Minister Ernane Galveas said yesterday that the 7.2-percent inflation rate for March was bad, but was not too different from what the government expected. According to Galveas, Finance Ministry estimates for the March inflation rate were between 6.5 and 7 percent.

He said the goal of an 80-percent inflation rate for this year is still valid and that there would be no modification of the monetary policy, in the sense of placing stricter control on the expansion of credit and currency.

According to the minister, the authorities were aware that the readjustments on government-administered prices for fiscal year 1981, which were reviewed and added to for the beginning of this year, would have repercussions on the March inflation rate, particularly on the IPA [Wholesale Price Index].

Galveas said it was senseless to talk about uncontrolled inflation, "since the March rate was lower than in March last year, when it was 7.4 percent."

"Inflation," he stressed, "is under control, inasmuch as it is declining in terms of the cumulative rate for the last 12 months."

## Fewer Exports

The finance minister was attending a luncheon given yesterday by the Brazilian-German Chamber of Commerce. Speaking with reporters, he admitted that it will be very difficult to achieve the goal of \$28 billion in exports this year, because of the international trade recession.

He said that OEDC estimates for a 5.5-percent expansion of international trade in 1982 will not be achieved, which will reflect negatively on Brazilian exports.

Even so, "Brazil will have a positive trade balance of \$3 billion this year, according to forecasts, because imports should decline sharply."



He believes this decline in imports will not represent a strong contraction of the country's economic activity, with negative effects of the Gross Domestic Product, because "the Brazilian businessman has the ability to adapt very quickly to new situations, and will find substitutes for the products he is unable to import."

Regarding the problem of the petrochemical industry in Bahia, which is not exporting because the state government is levying the ICM (Tax on Movement of Merchandise), Galveas said the problem will be resolved one way or another before July, possibly this month.

"We are going to find an answer to this problem," he assured.

#### Difficult Years

According to the minister, the next few years will continue to be difficult for all the Western countries, which are still suffering from the impact of the petroleum crunch of 1973 and 1978 (price increases).

6362

CSO: 3001/114

## FEBRUARY UNEMPLOYMENT REACHED 8.28 PERCENT IN FEBRUARY

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Apr 82 p 25

[Text] According to the unemployment rate revealed yesterday by the IBGE [Brazilian Institute of Geography and Statistics] Foundation, 929,481 Brazilians were without employment last February, in addition to the 1,641,000 persons not factored in because they were working at lower than minimum wages, from a working population of 11,218,700 persons in the six metropolitan areas covering Rio, Sao Paulo, Belo Horizonte, Porto Alegre, Salvador and Recife.

The average rate of unemployment in February was close to 8.28 percent, although the IBGE Foundation did not provide that percentage because of a decision by the president's office of that agency. The rates in each city, by comparison with January, showed a very slight decline in Rio, Sao Paulo, Belo Horizonte, Salvador and Recife and an increase in Porto Alegre.

However, those rates compared with those of a year ago, beginning February 1981, show an increase, notably in the cities of Rio de Janeiro and Sao Paulo. The rates of unemployment among persons who seek work for the first time continue to increase month by month uninterruptedly since this survey began in January of last year, showing that the Brazilian job market is not able to absorb the new contingents of workers. Variations in the rates of unemployment in February compared to the same period last year, which allow the calculation of the effects of the times on the job market, were the following: In Rio de Janeiro, unemployment increased 0.94 percent; in Sao Paulo, 0.41 percent; in Belo Horizonte, 1.89 in Porto Alegre, 0.45 percent; in Recife, 0.87 percent, and in Salvador it remained practically stationary with 0.1 percent above the levels of unemployment already existing at the time.

From the foregoing, the rates obtained by the IBGE for the six metropolitan regions in February are the following:

	Work Force	Unemployed	Percentage
Rio de Janeiro	3,446,200	313,949	9.11
Sao Paulo	4,652,100	367,516	7.90
Belo Horizonte	992,600	82,287	8.29
Porto Alegre	845,100	55,523	6.57
Salvador	571,300	47,532	8.32
Recife	711,400	62,674	8.81
Total	11,218,700	929,481	8.28

## FOREIGN BANKERS FORESEE \$2 BILLION TRADE SURPLUS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 Mar 82 p 30

[Text] Brazil should end the year with a positive trade balance of about \$2 billion, according to predictions offered yesterday by representatives of foreign banks. According to the bankers, the positive balance will be the result of a containment of imports as a consequence of the obstacles imposed by the Brazilian economic policy and even as a natural consequence of the economic recession.

The goal of \$28 billion in exports will be hard to reach this year, according to the bankers, because the world recession has yet to show any sign of improvement and, without a slight economic recovery in the developed countries, it will be difficult for Brazil to expand its exports at the rate envisioned by the government. Primary products, which could offset the difficulties in exporting manufactured goods, have been hurt by the decline in prices in this first quarter, with no recovery expected until at least the end of the second quarter.

The bankers also note, as problems impeding the goal of \$28 billion in exports, the consequences of the stabilization and decline in petroleum prices in the world market, which has greatly affected the potential for exports to the OPEC countries.

## Better Image

Among foreign bankers, the view of the Brazilian economy has improved considerably from the beginning of 1981 to the first quarter of this year. Today there is no great concern about the foreign debt and little doubt that the country will easily manage to bring in from \$17 billion to \$18 billion this year. The stabilization of petroleum prices will cause a reduction of petrodollars in the international financial market, but Brazil will still be in a favorable financial position, even though it will have to pay higher interest rates in the second half of the year than in the first half.

The bankers are concerned about the domestic situation, primarily with regard to inflation, the nationalization of the economy, the treasury deficit and even the economic pressures foreseen in the context of a political liberalization. Arne R. Visser, vice president of the

Skandinaviska Enskilda Banken, is one of the few representatives of foreign banks who does not agree with this point of view. According to Visser, the internal problems could have an effect on those who are in the most direct contact with them, but foreign bankers are normally primarily interested in knowing the size of the foreign debt and the possibilities for improving the balance of payments.

An indicator that is currently causing the bankers serious concern is the relation between the size of exports and the debt service; this year, although a decline is expected in the average interest rate, interest payments could be somewhat larger because of the greater volume of amortizations and the expansion of the debt itself. Hence, interest and amortizations, which absorbed 72 percent of the foreign exchange earned from exports in 1981, could use up the same percentage this year.

#### Minister Says No Change in Incentives

Brazilia--"There are no plans to change the structure of export incentives, except to eliminate some of the bureaucracy, to maintain minidevaluations of the cruzeiro and to give the financial assistance provided in Resolutions 674 and 380 of the Central Bank and FINEX (Export Financing Fund)."

The statement came yesterday from Finance Minister Ernane Galveas, replying to a question about the adoption of new measures to stimulate exports, offsetting tomorrow's reduction of the credit-premium from 15 percent to 14 percent. No new incentives will be offered until after the convening of ENAEX (National Meeting of Exporters) this year. The meeting has been moved up from September to the end of the next month, Galveas explained.

Foreign trade goals, which call for \$28 billion in exports and a \$3 billion surplus, have been placed in doubt by the poor performance in January and February. In this regard, the minister thinks it is much too soon to make any reevaluation. He said the projections approved by the National Monetary Council are still valid, both in this area and in fiscal and monetary areas.

According to Galveas, the basic goal is a positive balance of \$3 billion, whether or not exports reach \$28 billion. "One thing appears certain; if exports decline, imports will also decline and a positive balance of \$3 billion is entirely feasible," the minister stressed. Any downward revision of these projections, which Galveas emphasized were only goals and not "dogma," will not jeopardize the development of the economy, in which the minister foresees a growth of 5 percent in the PIB (Gross Domestic Product).

The minister thinks the fact that world trade has declined by 1 percent after 20 consecutive years of growth is not cause for alarm. "International trade is difficult. There are problems of retaliation, protectionism, but any decline in petroleum prices will make room for more purchases, just as a decline in interest rates could favor the replacement of stocks of raw materials," he observed.

## FOREIGN INVESTMENTS MAY TOTAL \$3 BILLION IN 1982

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Mar 82 p 3

[Article by Milano Lopes]

[Text] Brasilia--Foreign investments in Brazil may reach a record level this year--something close to \$3 billion--if the first parcels of international capital are invested in the country's mineral projects, especially in Carajas. In two aluminum projects alone, the Albras-Alunorte, in Para, and the Alca project in Maranhao, the risk investments exceed \$2 billion.

Last year, the Central Bank statistics indicate, there was a noticeable recovery in relation to 1980, considered one of the weakest in recent years, although the first large risk investment by the Arabs came in that year, with the Kuwaiti purchase of \$100 million in Volks Brazilera stock.

In 1978, total foreign investment, including reinvestments, came to \$2.295 billion; in 1979 the figure was \$2.406 billion, falling in 1980 to \$1,898 billion, but recovering in 1981 with \$2.631 billion--\$1.889 billion in new investments and \$742 million in reinvestments.

## Development

In terms of cumulative investment, annual growth over the last 3 years has been about 10 percent. At the end of 1980 the cumulative figure for foreign investment and reinvestment was \$17.48 billion, a growth of 9.5 percent over the balance recorded 31 December 1979. At the end of 1981, total investments had risen to \$19.247 billion, an increase of 10.1 percent over 31 December 1980.

It is possible, however, that last year's figures may be revised in the next Central Bank publication, because the statistics released last week in its report are preliminary. Experience in previous years has shown that, in later releases, the bank always revises the figures on foreign investments.

The Central Bank does not yet have figures on the risk investments entering the country in this first quarter, but estimates indicate that the figure has remained at the same level as that registered last year, not including the prospect of the first parcels invested in the mining projects in the Carajas area.

No risk investments should be expected in the Ferro-Carajas project, because its whole execution was planned solely in terms of international financing, which should total \$1.8 billion, from the World Bank, the IDB and European, German and U.S. banks. The remaining \$3.2 billion will come out of the resources of the Companhia Vale do Rio Doce itself, \$1.4 billion of which has already been used to establish the infrastructures for the undertaking.

### Changing Profile

The authorities believe that in the coming years there will be a change in the profile of foreign investments in Brazil, as a result of the projects included in the Grande Carajas program, primarily those in the mineral-metallurgical area (aluminum, copper, manganese, gold, etc.), and the reduced importance of the automotive industry, which is adjusting to a new, lower level of consumption.

This change will be in the direction of the agricultural sector, which up to now has attracted the smallest foreign risk investment. As of 30 September 1981, with accumulated investments registered by the Central Bank at \$18,286,700,000, only \$114 million--an insignificant 0.6 percent--was invested in agriculture.

According to government forecasts, the agricultural projects in the "cerrado" [scrublands], mounted in cooperation with the Japanese, and those to be developed in the Carajas region (mainly in the Mearim Valley in Maranhao), basically devoted to grain production for export, should certainly attract a significant volume of risk investment in the agricultural sector in the coming years.

The share of the manufacturing industry in overall foreign investment in Brazil has remained at 74 percent in the last 3 years, while the service sectors stabilized at about 20 percent. Within the manufacturing industry, the most significant items are those linked directly to the automotive industry: mechanics (\$1.758 billion); transport materials (\$2.421 billion); motor vehicles (\$1.855 billion)--breaking down the data for overall investments as of 30 September 1981.

The distortion appears in the figure for investments in naval construction (\$84 million), railway material (\$12.8 million) and aeronautical construction (\$3.9 million), sectors of our transportation industry considered most important to the country in its present stage of development and in light of the energy crisis.

### Incentives

Although the entry of risk investments is far short of the development needs of the country, which is turning to the international financial market to finance its projects to compensate for inadequate internal savings, the government has no intention of revising the present policy regarding foreign capital, assure the most qualified specialists in the economic area.

The law of remittance of profits, the primary element of pressure by the multinational corporations, will not be revised to offer more advantages to foreign investors than they already enjoy. The government strategy is to offer advantages in other areas, to be discussed and defined for each project. Thus, for example, in the case of the aluminum projects in Para and Maranhao, the government has determined to sell the Tucuruí power at a lower rate, and since energy represents almost 40 percent of the cost of aluminum production, the foreign investor undeniably stands to increase his profit.

6362

CSO: 3001/114



## PLANNED INVESTMENTS IN NONFERROUS SECTOR TOTAL \$7.3 BILLION

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Mar 82 p 45

[Article by David Renault]

[Text] Brasilia—At the beginning of the next decade production of nonferrous metals will reach about \$3 billion per year, but it will require an overall investment of \$7.3 billion by 1991 in the metallurgical area (construction of industrial units to process the ores) and at least another \$5.354 billion in mining projects and refinement of bauxite, aluminum and copper.

The estimates come from the final edition of the document "Nonferrous metals in Brazil in the 1980's," produced with the coordination of CONSIDER (Council of Nonferrous Metals and Steel). The document has already been printed and distributed to some government agencies and will soon be released by President Joao Figueiredo, on a date to be determined.

The document, obtained by ESTADO, states that the priority in the development of nonferrous sector will be to serve the domestic market, with a view to participation in the world market where possible. This process will be based on private initiative and requires a strengthening of these companies in sectors where the international market is controlled by the multinationals, to provide a more secure domestic supply and a greater degree of independent participation in the international market, according to the document.

Forecasts of the domestic demand for nonferrous metals are lower than the traditional growth rates and take into account the sectorial expansion of some metals in 1980 and 1981, drawing a relation with an average economic growth of about 6 percent annually in the 1980's.

It is estimated that by the end of the decade Brazil could export over \$1 billion per year in aluminum (600,000 tons) and about \$500 million in other metals, meaning an annual savings of \$2 billion in foreign exchange, taking into account the replacement of imports. The balance of trade in nonferrous metals, which showed a deficit of \$283 million last year, could reach a positive balance of \$200 million by the mid-1980's and exceed \$1 billion by the end of the 1980's.



It is estimated that by the mid-1980's production and consumption levels could permit an exportable surplus of aluminum, zinc, lead, tin, nickel, niobium, tungsten, tantalum, molybdenum and silicon, while there will be deficits in copper, magnesium and titanium. By the end of the decade, however, domestic production will not meet consumption needs for copper, zinc, lead, tungsten and titanium.

Total investments in the nonferrous metals program will "reach almost \$13 billion" in the mining, refining and metallurgical sectors, according to the document. Of total investments planned in metallurgy (\$7.3 billion), \$6.3 billion is thought to be needed to complete projects approved or underway, from 1981 to 1991. In the areas of mining and refinement, planned total investments include \$500 million for bauxite (basic raw material for aluminum production), \$2.8 billion for aluminum and \$2.04 billion for copper refinement.

The plan for nonferrous metals explicitly calls for adoption of a policy that will permit autonomy in the capitalization of the companies and the management of their resources, so they can participate in the expansion of the nation's productive sector. According to the document, these companies reiterate that the most effective incentive to attract investors and strengthen competition in the sector are profit and the existence of a market for the goods produced.

The price policy is also considered very important to improve the profile of self-sustained resources in the sector.

#### Directives

In the directives of the plan for nonferrous metals in this decade, it is stated that the world trend toward locating plants in regions close to the mines has [resulted in] the accelerated expansion of the industry in developing countries, revising the status of these countries as simply supplier of the raw materials. "This trend," the document states, "is the result of the problems of mineral reserves, energy, available space, pollution, costs, etc., in the developed countries and pressure on the countries where the resources are located, either by means of incentives for such installations or by more active and direct participation by the governments in the formation of consortiums.

(1) Mercado						
Unidade: T/A (2)	Meados da Década (4)			Fins da Década (5)		
	(6) Oferta	Demanda (7)	Saldo (8)	Oferta	Demanda	Saldo
Alumínio	700.000	500.000	200.000	1.400.000	800.000	600.000
Cobre	230.000	300.000	(70.000)	420.000	450.000	(30.000)
Zinco	190.000	170.000	20.000	200.000	210.000	(10.000)
Chumbo	110.000	100.000	10.000	120.000	130.000	(10.000)
Estanho	15.000	8.000	7.000	22.000	11.000	11.000
Níquel (+) (3)	19.500	16.000	3.500	24.500	22.000	2.500
Magnésio	6.250	13.000	(6.750)	30.000	17.000	13.000
Nióbio (+)	13.200	650	12.550	17.100	900	16.200
Tungstênio	1.087	1.068	19	1.209	1.336	(127)
Tântalo	73	2	73	87	5	82
Titânio (+)	300	350	(50)	300	570	(270)
Molibdênio (+)	1.900	1.200	700	1.900	1.700	200
Silício	21.000	8.000	13.000	21.000	12.000	9.000

(+) Inclui, também, metal contido em ferro-liga. (9)

KEY:

- |                        |                                     |
|------------------------|-------------------------------------|
| 1. Market              | 4. Mid-decade                       |
| 2. Unit: Tons per year | 5. End of decade                    |
| 3. Aluminum            | 6. Supply                           |
| Copper                 | 7. Demand                           |
| Zinc                   | 8. Balance                          |
| Lead                   | 9. (+) Including metal contained in |
| Tin                    | combination with iron ore.          |
| Nickel (+)             |                                     |
| Magnesium              |                                     |
| Niobium (+)            |                                     |
| Tungsten               |                                     |
| Tantalum               |                                     |
| Titanium (+)           |                                     |
| Molybdenum (+)         |                                     |
| Silicon                |                                     |

6362

CSO: 3001/114

## POLISH DEBT PROMPTS RETHINKING OF TRADE WITH EAST EUROPE

Rio de Janeiro GAZETA MERCANTIL in Portuguese 19 Mar 82 p 5

[Article by Miriam Leitao, Brasilia]

[Text] Poland's political crisis and resulting accumulated indebtedness to Brazil is causing our government to reconsider trade with East Europe, according to a reliable source in the economic area in Brasilia. The high-level administration official explained that the government wants to maintain its growing trade with "this part of the world, which cannot be ignored," but that it cannot continue to "bear the burden of financing the deficit of the Eastern countries."

The negotiations with the Polish delegation led by Vice Minister Antoni Karas--which were to have lasted for 3 days, but which went on for 10--have ended. The Brazilian Government has refused to release any information regarding the conclusions reached by the delegations. In the Polish Embassy in Brasilia, however, Zbigniew Swiczak, the commercial attache, said that the Central Bank of Brazil and the Polish Handlow Bank will remain in continuing contact during the next 2 months and by 13 May should find a new mechanism to maintain the flow of trade between the two countries.

On that date the last line of credit granted to Poland by Brazil will run out and, at the embassy, it is known that it will be difficult simply to obtain further credit, as has been the case in recent years despite the growing debt. If new credit is not granted, the solution to maintain trade will be to liquidate part of the debt and increase sales. At short range, Poland wants to sell Brazil a ship to transport cellulose, to increase its annual sales of coal from 1.2 million to 1.4 million tons and possibly to provide factory equipment and chemical products, as well as to increase its sales of sulfur.

Justifying the need to rethink the mechanisms for the payment of the East European debt, our economic source explained that all the Brazilian exporters to countries in the region receive the value of their sales from the Central Bank, and the purchasing country is indebted to the Brazilian Government. At least with regard to Romania, Bulgaria, Hungary, East Germany and Poland, this has been the situation. For each of these countries, up to a certain credit limit, the purchaser may defer payment. Above this ceiling--different for each country--they pay only the interest on the purchase price. This payment arrangement

is criticized by the IMF, and only very recently Brazil made a move to revise the criteria for some countries. It has already done so, for instance, with the Soviet Union, with which trade is conducted normally in convertible currency.

The Central Bank denies that the Polish debt is \$1.6 billion; according to its information officer, the debt of these five countries under the system of convertible currency is only \$1.3 billion. The Polish Embassy does not deny the figure, however. The secrecy regarding the size of the Polish debt and the amount already paid is scrupulously respected by the Central Bank, because Poland has met its commitments to Brazil more faithfully than it has to other creditors who are members of the Club of Paris.

The economic ministers in Brasilia feel that, even if it is burdensome for the Brazilian Government, trade with Eastern Europe should not come to a halt; it is directly in the interest of private companies and some Brazilian state companies whose exports to the area this year reached \$1.5 billion, or \$400 million more than last year. Still, the government wants to prepare itself for possible future crises in the region, "because there is obvious turmoil in every one of the Eastern countries, in the sense of disagreements with the Soviet Union," according to another economic official with whom we spoke. The Brazilian sources agree, however, that a case as critical as Poland is unlikely to be repeated, because "we have great trade possibilities with them and the debt grew only because we had things to sell them." Commercial attache Kwiczak said that, following the meeting in Brasilia, he was sure that "neither of the two partners wishes to cut back trade," and he assured that "we are going to repay or reduce our debt and we want the Brazilian Government to allow us to expand our exports." He said that other delegations like the one led by Vice Minister Karas will come to Brasil this year to continue the "special discussions" with the Brazilians, aimed more at "maintaining trade" than merely settling the financial problem. An official of SEPLAN [Planning Secretariat] explained that Brazil did not join the Club of Paris only in deference to Poland, but "if there are impasses in these negotiations we could, in fact, go to Paris, although this would mean a virtual cessation of trade."

6362

CSO: 3001/110

## HELIBRAS PLANS FACTORY EXPANSION WITH ADDITIONAL FUNDS

Rio de Janeiro GAZETA MERCANTIL in Portuguese 19 Mar 82 p 9

[Article by Eimar Magalhaes, Belo Horizonte]

[Text] HELIBRAS (Helicopteros do Brasil, S.A.) is entering a new phase. The two shareholders in the enterprise, the state government of Minas Gerais (with 55 percent of the shares) and Aerospatiale of France (with the remaining 45 percent) have confirmed that they will add about \$8.8 million to the present capital--\$3 million. These funds, in combination with the financing being negotiated with the French Government to purchase equipment for the Itajuba plant, will permit consolidation of the enterprise and greater nationalization of its production--which is now practically nil.

"We have already obtained \$5 million from the French Government. At the beginning of the month we put these funds into plant equipment from French suppliers, including Aerospatiale itself. The equipment should be in Itajuba by July or August of next year. We must obtain another \$5 million to round out the financing plans," Col Nivaldo Alves da Silva, director-superintendent of the firm, said yesterday.

## Components

Once the \$10 million in equipment is in place, by mid-1984 HELIBRAS will be capable of producing, for example, such sophisticated parts as the helicopter blades. It is expected that \$11 million obtained from the sale of helicopters will be applied to investments in the plant (whose capacity will be raised from the current 1.5 units to 4 helicopters per month).

Judging by the firm's sales figures, this will be no great problem. According to the director-superintendent, in 1981 HELIBRAS sales reached about 1 billion cruzeiros, with 18 helicopters sold in this country and 8 sold abroad, to Latin American countries. Last year, after 2 years of operation, the firm also managed its first positive balance--25 million cruzeiros--and should show good results in 1982 as well.

Da Silva said that current orders on the books guarantee work to the end of the year and that new exports have been assured. The Government of Ecuador will buy three Esquilo helicopters (at \$430,000 apiece), and another unit has been sold to Venezuela. Da Silva estimated that the sales guaranteed to date will assure gross sales of \$15 million in 1982.

## FOREIGN TRADE SHOWS \$72 MILLION SURPLUS IN MARCH

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Apr 82 p 23

[Text] The Brazilian foreign trade balance once more showed a surplus in March, with a figure on the plus side of \$72 million, the largest of the first three months of the year. Exports amounted to \$1,782,000,000 and imports were held at \$1,710,000,000. In March last year, the trade balance showed a deficit of \$130 million in the January/March period; the accumulated surplus figure is \$153 million, compared to a deficit of \$420 million in the same three months last year.

Despite the third consecutive surplus of the year, sales of Brazilian merchandise on the foreign markets during the first quarter showed a decline of 4.4 percent compared to the same quarter last year. From January to March Brazil exported \$4,959,000,000, compared to \$5,186,000,000, in the same period last year. Coffee sales showed a recovery, with exports of \$187 million in March, compared to \$151 million in the same month in 1981. During the quarter, sales were 1.6 percent higher than in the January/March period last year, with sales of \$517 million compared to \$509 million.

The figures from the Foreign Trade Department of the Bank of Brazil (CACEX), released yesterday by the assistant secretary general of the Ministry of Finance, Francisco de Paulo Schettini, show a significant decline in imports, which were 14.3 percent lower than those of the first quarter of last year.

From January through March of 1981, Brazil spent \$5,606,000,000 on purchases on the foreign market. In the same three months of this year, products with an overall cost of \$4,806,000,000 were imported. There was a decline of 9 percent in costs of petroleum, whose imports from January through March totalled \$2,411,000,000, compared to \$2,649,000,000 in the same period last year. According to Schettini, that reduction results from the decline in prices and also from the smaller amount imported.

Imports of other products also declined by 19 percent, with purchases of \$2,395,000,000 compared to \$2,957,000,000 in January-March last year. According to the assistant secretary general, that reduction is the result of not having had to import agricultural products, contrary to what happened in the early months of 1981 and to the substitution for some merchandise, such as fertilizers, which ceased to be imported because new factories in Brazil went into operation.

## Reasonable Result

As far as Francisco Schettini is concerned, the result of the quarter "is not exceptional" but may be considered "reasonable," particularly in view of the stagnation of prices of basic products. "There was only a recovery in the prices of coffee, as was foreseen, but the other commodities remain down," he said.

Although there are no short-term prospects of improvement in the prices of those products, Schettini continues to believe it is "perfectly possible" to reach the end of the year with a surplus of \$3 billion. He denied, however, that the government is thinking of activating a new "arsenal" of measures of support for exports. "For the time being we are not thinking of the need for new measures," he said, "We are only making evaluations." He acknowledged, however, that it is practically impossible to reach the goal of \$28 billion in exports and he confirmed that the government is already working on a new estimate of \$26 billion, much more in accordance with the international times.

With respect to imports, there will be no changes whatever made to seek to contain them even more, according to the assistant secretary general. Government expectations are that they will not exceed \$23 billion. To keep them at that level, the authorities are working with a savings of \$1 billion in petroleum imports. As a result, purchases of other products can increase by \$2 billion with respect to last year.

As far as Schettini is concerned, imports of \$23 billion do not mean the economic recession will continue throughout the year. He believes, however, that there will be a recovery of commodity prices, which could lead the sales figure to exceed the goal of a \$3 billion surplus. In periods of 12 months, the sales figures have continued to increase: from April 1981 through March 1982 they were \$1,781,000,000, compared to \$1,579,000,000 from March 1981 through February 1982.

### Exports

Products	Mar/82	Mar/81	Absolute Changes	Jan/Mar 1982	Jan/Mar 1981	Absolute Changes	
Total	1,782	1,754	28%	1.6	4,959	5,186	-227 4.4%
Coffee	187	151	36%	23.8	517	509	8 1.6%
Others	1,595	1,603	8%	0.5	4,442	4,677	-235 5.0%

### Imports

Products	Mar/82	Mar/81	Absolute Changes	Jan/Mar 1982	Jan/Mar 1981	Absolute Changes	
Total	1,710	1,884	-174%	-9.2	4,806	5,606	-800 -14.3%
Petroleum	820	894	- 74%	-8.3	2,411	2,649	-238 - 9.0%
Others	890	990	-100%	-10.1	2,395	2,957	-562 -19.0
	+72	(-130)			+153	(-420)	



## Setubal Says He Expected a Better Performance

"Weaker than expected," said the president of the Brazilian Exporters Association (AEB), Laerte Setubal Filho, yesterday, commenting on the results of the trade balance in March, when it showed a surplus of \$72 million. Setubal expected exports to reach \$2 billion but actually the daily average was less than that of February, a month with only 18 work days, compared to 23 last month. The total exported was \$1,782,000,000. This poor performance, in his opinion, is due to difficulties in placing products in the Northern Hemisphere, which has been severely punished by cold.

For him the decline of 4.4 percent in exports during the first quarter compared to the same three months last year "is not a dangerous figure but it is not an encouraging one," and may seriously affect the performance of the year. He agrees fully with the government that the goal of \$28 billion will not be reached, although it was considered to be perfectly attainable by the AEB at the beginning of the year.

Setubal did not wish to make any projections on exports this year but believes they will be at least 12 percent of the Domestic Gross Product of Brazil. Last year the country exported 10.2 percent (\$23.2 billion) of its Domestic Gross Product. As for the goal of a \$3 billion surplus in the trade balance, Setubal believes it is possible since the government is in a position to contain imports and also because "there is no sign of reactivation of economic activities." Even if the economy were to operate at a more dynamic rate, the AEB president does not believe that imports will affect the trade balance negatively. According to him, the creation of stocks is not a compensating factor because financial costs are very high.

Setubal arranged some details of the Exporters National Meeting (ENAE) with Ernane Galveas. The meeting will be held in Rio de Janeiro on 14 and 15 April. He said he delivered to Galveas 39 proposals for improving export mechanisms approved by technical commissions. He advocated new export incentive measures but said he has no specific proposal under study since he is waiting for many suggestions to emerge during the meeting.

Those new export incentive mechanisms, according to Setubal, should be official so that they may be recognized by GATT without the threat of reprisals by importing countries. He recalled that GATT accepts the return of taxes imposed on merchandise produced for export but he emphasized that such return be made in such a way that it does not appear to be a subsidy.

## Less Bureaucracy for Exporting Manufactured Goods

Brazilian businessmen have new administrative standards since yesterday, which have the objective of simplifying and encouraging exports, offering facilities for the placing of national products on the foreign market, particularly manufactured products, in very short periods. The standards, contained in Communiqué No. 9, signed by the director of the Foreign Trade Department (CACEX) of the Bank of Brazil, Benedito Fonseca Moreira, considerably extends the list of products which can be negotiated with an Export Declaration (DE) instead of with the Export Permit (GE) of a complicated bureaucratic mechanism.

Communique No 9 also condensed all the previous administrative standards which regulated exports, making it possible for the necessary documents for foreign sales to be quickly obtained. The greatest novelty, however, is the extension of the list of items within the framework of the Export Declaration. The exporter can ship his merchandise by delivering the document, which will be examined subsequently by CACEX and other federal agencies.

A CACEX technician, commenting on the benefits of the new communique, said that in Chapter 6 only one product (coffee seedlings), of the 24 existing, is exported with the requirement for an Export Permit. The 10 ceramic products of Chapter 69 are now all shipped with a DE, making it easier to meet deadlines established by importers. The same technician explained that the new standards will lead to significant changes in the 99 Chapters, where the subject is treated extensively. The most important aspect of Communique No 9 is the greatest possible elimination of prior inspection. In compliance with that objective, the 99 CACEX agencies scattered throughout the country have already been instructed to make "the life of the exporter" easier in keeping with the regulations in effect.

When he issued the communique, CACEX Director Benedito Moreira acknowledged that exports are a strategic instrument for the economic and social development of the country. The policy for the government sector--he said--has several objectives, among them that of insuring greater exchange revenues required for the imports of essential services for the promotion of national economic development.

To achieve those objectives, according to the CACEX director, the government seeks to encourage and facilitate exports of goods and services. Within this goal, the government will primarily encourage the involvement in exporting, directly or indirectly, of a larger number of sectors and companies in the most coordinated and efficient way possible.

8908

CSO: 3001/116

## NETTO LOWERS EXPECTATIONS ON AMOUNT OF EXPORTS IN 1982

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Apr 82 p 27

[Text] Minister of Planning Delfim Netto admitted yesterday that exports will be about \$26 billion this year, contrary to the initial expectations of the government of sales on the order of \$28 billion. "We have a good chance of coming very close to a \$3 billion surplus in the trade balance," he declared.

The new forecasts by the minister of planning were made after he had presided over a meeting at Planalto Palace with the ministers of Finance and Industry and Commerce and with the presidents of PETROBRAS, SIDERBRAS [Brazilian Petroleum Corporations and Brazilian Iron and Steel Corporation] and the Vale do Rio Doce Company to coordinate exports of steel and other products handled by those three state companies.

The creation of an Interministerial Coordinating Commission for the exports of steel was announced by Delfim Netto. He declared that Brazil is keeping an eye on possible changes in the behavior of the international market so as to obtain the greatest advantages possible from them. This year the government intends to obtain a surplus in its steel trade balance, which means exporting more in value than imports. To do this, however, more aggressiveness is required, particularly in view of the exacerbation of protectionism by industrialized countries.

## Banks

Questioned by newsmen, Delfim said that the plan for taxing bank profits remains under study. "We are discussing several alternatives, but everything is still in a very preliminary phase. At any rate, by the beginning of the second quarter the mechanism for detecting extraordinary profits by the financial system will be ready for activation as of the filing of balance sheets for June," he said.

## Pound

Delfim thinks that England and Argentina will come to an understanding, avoiding a confrontation. He refused to answer what the consequences would be for Brazil of a war declared between the two countries, particularly because of the trend of interest rates on the international market resulting from the possible decline in the price of the pound.

With respect to the minimum wage, he said that the calculation will be the same as last year, with the application of the law of wage readjustments, thus discarding the possibility of a reduction in amounts for some regions. The subject, meanwhile, is still under study and will only be resolved in the second week of this month because the new wage structure will become effective 1 May.

8908

CSO: 3001/116

## COUNTRY TO REDUCE IMPORTS TO OBTAIN FOREIGN TRADE SURPLUS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Apr 82 p 26

[Text] Brazil will reduce imports substantially in order to obtain a surplus of \$3 billion in the trade balance this year. The information was provided yesterday in Rio by Minister of Finance Ernane Galvaes when he admitted that "It will be very difficult for the country to reach the goal of \$28 billion in exports this year."

Without specifying the areas that will be affected by the reduction in imports in order to compensate for the losses in exports, Galvaes declared: "That situation will not be reflected in the behavior of the national economy by a possible new outbreak of the recessive process because we trust in the preparation of the Brazilian business sector, which will have means for adapting to new options and for finding substitutes."

The minister of finance blamed his pessimistic outlook with respect to the trend of Brazilian exports in 1982 to the fact that the Organization for Economic Cooperation and Development no longer confirmed the forecast of economic world economic growth of around 5.5 percent.

In his opinion, the next few years will continue to be difficult for the industrialized countries, including Brazil, which are still suffering the shocks of petroleum prices from 1973 and 1978, for which reason "We are all facing low rates of growth and high rates of unemployment."

Even so he declared that Brazil will have a better recovery than the industrialized countries themselves, a situation which will place it at a high level of growth rate.

Galvaes justified his hopes for the future, maintaining that Brazil has already managed to resolve its three main problems: balance of payments, energy and inflation. With respect to energy, he pointed out happily that "Today we are producing 250,000 barrels of petroleum per day."

For Galvaes, despite it being bad, the 7.2-percent rate of inflation of last March, was already expected by technicians of the Ministry of Finance, since initial forecasts had been between 6.5 and 7 percent.

## STEEL PRODUCTION DECLINES IN FIRST QUARTER OF 1982

Sao Paulo O ESTADO DE SAO PAULO In Portuguese 7 Apr 82 p 27

[Text] Production by state and private steel plants in the first quarter of this year was 3,079,100 tons of raw steel, which means a decline of 19.1 percent by comparison with the same period in 1981, according to the preliminary statistical report of the National Nonferrous Metals and Steel Council (CONSIDER).

In March, steel production of 1,010,200 tons exceeded the 995,200 tons of February, but means 22.1 percent less than was produced in March last year. Despite the decline in the first quarter, the Ministry of Industry and Commerce believes there will be a recovery in production and that an increase of 6 percent over 1981 production will be shown by the end of the year.

That increase in production will be due to an increase in exports and also to the recovery of the domestic market. According to the Ministry, the automobile and electrical appliance industries, for example, are already increasing their levels of orders from the steel companies and other sectors should do the same, particularly because the stocks held since last year are practically exhausted.

All three large state steel companies had a decline in production in the first quarter of this year by comparison with the levels of 1981. The most significant decline was that of COSIPA [Sao Paulo Iron and Steel Company] (44 percent), followed by that of the National Company [CSN] (19.8 percent) and USIMINAS [Minas Gerais Iron and Steel Mills, Inc] (3.5 percent). Altogether, between the state and private steel companies, 25 had declines in production during the first quarter of the year and 12 increased their production.

Production of Raw Steel  
(thousands of tons)

	March 82	March 81	January 82	March 81
Raw Steel	1,010.2	1,297.5	3,079.1	3,805.5
COSIPA	66.5	241.2	405.7	724.9
CSN	172.0	202.5	477.4	595.3
USIMINAS	260.6	276.1	754.8	781.9

## MILITARY SOURCES CITE IMPROVED RELATIONS WITH U.S.

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Mar 82 p 7

[Text] Military sources admit there has been a "noticeable improvement" in military relations between Brazil and the United States in the last 2 years. They believe that exchange in the area of instruction and training could be reestablished at a high level, following recent visits to Brazil by U.S. military officials. This exchange was virtually eliminated after the military cooperation agreement signed between the two countries in 1982 was terminated in July 1977, during the Geisel administration.

The visits to Brazil by General McEnery, chairman of the IADB (Inter-American Defense Board), and General Jones, chairman of the U.S. Joint Chiefs of Staff, returning the visit of Gen Jose Ferraz da Rocha, chief of staff of the Brazilian Armed Forces (CEMFA), contributed much to normalizing military relations between Brasilia and Washington, the sources admitted. It is also significant that a delegation from the U.S. Industrial College of the Armed Forces and the National War College will arrive in Brazil tomorrow and will be received by General of the Army Alacyr Frederico Werner, CEMFA. The delegation will go on an information gathering trip to several Brazilian capitals, with the assistance of the Embassy of the United States.

These visits are actually the result of the process of normalization of military interchange between the two countries, initiated when President Figueiredo reestablished the post of military attache in Washington at the level of brigadier general, appointing Gen Wilberto Lima to the position. After the military accord was terminated, the post was held by a colonel.

One of President Reagan's first acts after he assumed office was to send to Brazil Gen Vernon Walters, his special advisor, former [deputy] director of the CIA and former military attache in Brazil. He is familiar to the Brazilian military elite and to the so-called "intelligence community," and had countless friends in the Brazilian Expeditionary Force during World War II. Walters always kept in close touch with the Brazilian military who put together the revolution of March 1964. As President Reagan's envoy, his mission was to prepare the ground to smooth things over. His labors are beginning to bear fruit.



Generals McEnery and Jones were cautious in their statements in Brazil. The chairman of the IADB sought to dissociate his trip from any request for support for creation of an inter-American force to intervene in El Salvador. He said he had come as a representative of an organ and not of the U.S. Government, and assured that the IADS was limited to planning activities and not military operations.

For his part, General Jones, the highest military authority, subordinate only to the U.S. secretary of defense, denied that the United States had any plans to intervene in El Salvador, knowing that the Brazilian Government, speaking through Itamaraty, does not support this idea.

6362

CSO: 3001/110

## LIBYA INTERESTED IN BUYING T-27'S FOR PILOT TRAINING

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Apr 82 p 6

[Text] The Brazilian Aeronautics Company [EMBRAER] reported yesterday that it is demonstrating the EMB-312 ("Tucano" or T-27) in five African countries and it confirmed that Libya is interested in acquiring a fleet of that new turboprop airplane for the training of military pilots (the airplane is to be assembly line produced as of January next year).

EMBRAER also announced that some South American countries should order the aircraft, while Egypt, after months of negotiations, should buy some units of the aircraft.

## Advanced Technology

The EMB-312 "Tucano" was considered as having the most advanced technology in its class at the last International Aeronautics and Space Exhibit held in Le Bourget, Paris. It will compete on the international market against two planes planned two decades ago and which were recently adapted for the turboprop: the Swiss "Pilatus" and the Beechcraft T-34 of the United States. However, those two airplanes were planned for operating with the traditional piston engine and later adapted for the turboprop.

Moreover, when the "Tucano" was developed, EMBRAER introduced a number of improvements into the aircraft, among which is an increase of power of the turbine to 750 horsepower for the purpose of carrying nearly 1,000 kilograms of weapons. Therefore, and depending on the function for which it is adapted, the aircraft will carry MK-81 bombs or SBAT-70 rockets made by AVIBRAS [Aerospace Industry] or even racks with machineguns.

As of next February, the Brazilian Air Force will begin to receive the first units of an initial order of 118 for the training of pilots at the Air Force Academy (AFA) at Pirassununga. The "Tucano," despite being more modern and sophisticated--ejection seats and air conditioning--has less horizontal speed than the Cessna T-37 it is replacing in the Air Force.

8908

CSO: 3100/116

## BRITISH GOVERNMENT AIDS CAMPAIGN AGAINST COFFEE RUST

San Pedro Sula LA PRENSA in Spanish 10 Mar 82 p 4

[Text] Tegucigalpa--The British Government is contributing approximately 2 million lempiras to various programs, currently underway in Honduras, for the purpose of combatting coffee rust.

The aid includes spray guns, fungicides, laboratory instruments and equipment for the analysis of phytopathology, technical assistance, and other measures for the protection of coffee.

Phytopathologist Cristopher A. Bennett, a member of the British technical delegation, commented that up to now this disease has not reached and attacked all of the country's areas of production, but it is present in almost all areas.

On the other hand, the determinant factor in arresting the advance of coffee rust is an economic one, and at the present time there is no budget allotment for this, said Oscar Madrid Turcios, a member of the Research Committee Against Coffee Rust that was recently established by the national congress.

He said that the various meetings with the Honduran Coffee Producers' Association (AHPROCAFE), the Honduran Coffee Bank (BANHCAFE), the Honduran Coffee Institute (IHCAFE), and many producers in the country have been negative regarding the extensive and gradual advancement of this fungus.

After a consultation regarding the various recommendations that they will make to the national congress in their report, it is contemplated that there will be an increase in the importation, duty free, of chemical products and equipment with distribution mechanisms.

They will also suggest that the government negotiate with various international financial organizations for approval of long-term loans for small and medium producers and finally for the immediate and urgent provision of technology for coffee plantations, because this is the most concrete manner of combatting this disease, concluded the parliamentarian, Oscar Madrid Turcios.

8255

CSO: 5400/2126

CARLOS NUNEZ TELLEZ'S SPEECH AT 'JOURNALIST WEEK' CLOSURE

Managua EL NUEVO DIARIO in Spanish 7 Mar 82 p 4

[Speech by Revolutionary Comdr Carlos Nunez Tellez at Pedro Joaquin Chamorro Square in Managua on 1 March]

[Text] Fellow members of the FSLN [Sandinist National Liberation Front] Sandinist Assembly;

Comrades attending this ceremony:

Fellow workers of all news media;

Fellow members of the UPN [Union of Nicaraguan Journalists]:

On this first day of March 1982, we are simultaneously commemorating Journalist Day and the fourth anniversary of the UPN in a year designated as the year of the United Front Against Aggression [UFA]. Certainly, with each day which goes by we see to what extent U.S. imperialism's plans for aggression against our country are being finalized and perfected with greater precision.

Attacks by our enemies are being stepped up to keep pace with the progress being made by our revolutionary process which has continued to become stronger and more indestructable and irreversible without for a moment losing sight of its principles and its firm resolve that this revolution will preserve and strengthen its popular nature--that of defending the interests of the working classes.

The popular nature of this revolution, the hegemony being exercised by the working class--which is now indisputably holding and retaining revolutionary power--is of necessity leading to ever-increasing conflict with those political and economic groups which have been removed from power and now see their sphere of action, their margin of maneuverability, restricted. These displaced classes, these "survivors of the shipwreck," as designated by Companero Sergio Ramirez, are seeking, on the one hand, to strengthen their ties with the most powerful defender of their interests--imperialism--and, on the other, to acquire all possible weapons to attack the revolutionary process. Chief among these weapons, these resources, is the ideological conflict which is being

played up day by day in the news media as a result of the dynamic action of the working people who, with tenacity, are defending the sustaining principles of the revolutionary power in their hands.

Hence, you, revolutionary journalists or those who aspire to be true and conscientious revolutionaries, are part of the trenches from which the revolution is defended in the realm of ideas. The opponents, deprived of political, military and to some extent economic weapons, of historic right, are taking refuge in ideological conflict, in ideological diversionism, to impede this dizzying advance of new ideas and concrete action which are reshaping the conscience of our people.

In carrying out this task of confronting and winning out in the ideological conflict, there are many obstacles, and we would say that one of the biggest is still ahead of us, that is, the challenge each of you has to transform the format of traditional journalism--not revolutionary--into a new type of journalism, into revolutionary journalism, vigorous, clear, incisive, direct, responsible, critical and creative, as demanded by our revolution.

Capitalist society and the use it has made of the news media as a basic instrument for the alienation of the exploited classes has molded a type of journalist and journalism whose ideological training would enable it to carry out the function required for sustaining a ruling class.

With the outbreak of revolutions throughout the world, thereby proclaiming a new economic, political and social model, specifically after World War II, there has been a strengthening, and ideological bombardment, in all areas, and this bombardment hopes to face up to the new political, economic and social alternatives, stressing so-called "individual freedom."

To develop that concept, that ideology of "individual freedom," we are counting strongly on the mass news media and, naturally, on the journalists. Thus, we see developing a type of journalist and journalism characterized by being conformist in its lifestyle, critical in its work, a solitary lion whose success was based on its intelligence, to ferret out news and bring it to the attention of the public like a personal triumph. We are developing a journalist and type of journalism characterized by a fierce spirit of competition and tremendous individualism.

This model was widely exported to all dependent countries in the guise of cultural penetration. Thus, this heritage was inflicted upon us with a few other aggravating aspects peculiar to the situation and to the characteristics of the country. That is to say, Nicaragua, a poor, backward, dependent country, ruled for a century by force--as it was by the Somoza regime as a result of direct intervention by imperialism after Sandino's death--could not escape this phenomenon.

Capitalist and dependent society intended the news media to be used as basic instruments for alienating the exploited classes and thus decided upon a type of journalist whose ideological training and attitude toward life would convert

him into a means of support and justification of the economic, political and social regime which the ruling powers imposed by force.

However, there were citizens who refused to accept this fate. In contrast to this "colonized" and corrupt journalist, and in view of the country's same political conditions and the people's will to struggle and oppose dictatorship, there emerged, head held high, an honest and combative journalist who was the weapon and ammunition for the people's rebellion. Thus, the journalism of the catacombs emerged, the journalism of Pedro Joaquin Chamorro, whose effectiveness and firm stand hit the mark with enemy crime, the journalism of denunciation, the martyr journalism of Alvaro Montoya, Aura Ortiz, Walter Mendoza...

A new type of journalism arose in Nicaragua, identified with the people--the echo and voice of the exploited and oppressed--and it is this journalism which triumphed on 19 July 1979 when an entire people, for the first time, achieved freedom of expression.

But there are still unpleasant aftertastes of this individualism and spirit of competition which we must continue to combat. Revolutionary journalism must be aware of the social implication of its activity and assume that responsibility in a collective sense. When a journalist gives out information about the revolution, he must first be imbued with the collective sentiment of those who produce the news and reflect a consensus, placing it in proper context, so that, in addition to informing, it serves to furnish the people with analytical elements which will help educate, orient and enlighten them politically.

For example, the Right systematically brandishes the argument that there is no democracy in this country. It uses every means possible to try to instill in the masses the concept that there is no democracy here. We who see democracy put into practice every day by our people in the manner in which it participates in the gigantic tasks of the revolution, forging its own destiny, stimulating the economy, strengthening its organization, defending the revolution, expressing itself freely, have the duty, the obligation, to give adequate expression to these exercises of democracy which we see every day and incorporate that expression in the ideological and vigorous information medium of the revolutionary masses.

Our greatest resource, our best arguments, are in the deeds of this revolution. This revolution is not demagogic; it is a revolution which, in a practical way and with concrete deeds, is establishing its postulates, principles, triumphs and program. However, if we extract only the simplest material from this highly rich quarry--unembellished news--and do not take the trouble to engage in investigation, argumentation and the gathering of evidence, we shall be falling short of the concept of the new journalism and, against our will, be helping to perfect the demagogic positions of the reaction.

We hope to develop a broader concept of the role of the news media and of the guidance function of a belligerent organization like the UPN. Social

communication is a science, and these instruments of communication should be used scientifically. There is a deep-rooted erroneous concept in our society which considers journalism and journalists as simple transmitters of information; this concept must be abolished. In this revolution we must opt for scientific interpretation of society as a whole, of its development, its manifestations.

To establish our project ideologically within the framework of the multitude of revolutionary experiences, of the diffusion of ideas and of the defense of those ideas, we must dominate the behavior of this emerging society.

This understanding of society is found in the fields of art, education, culture and politics. And press, radio and television personnel must be aware that, in the economic infrastructure and its political superstructure, that is, in the economic sphere and political and social domains, they will find a vast field of work and struggle which requires specialization.

The revolution has a formidable arsenal of news media: 4 magazines, 4 weekly newspapers, television newscasts, cultural supplements, 3 newspapers (2 national and 1 international), 7 opinion programs, more than 10 radio newscasts, 2 national radio hookups and 10 radio hookups of departmental scope; these figures give us an idea of the potential of the resources at our disposal and the capacity and superiority we have to cope with the ideological tasks of the revolution.

The Right has one magazine and two newspapers: one evening, and one weekly, EL NICARAGUENSE, put out by the MDN [Nicaraguan Democratic Movement]. The first newspaper called EL NICARAGUENSE was one William Walker established during the intervention period. The second newspaper called EL NICARAGUENSE was set up in Miami after the overthrow of Somoza by groups of exiled Nicaraguans--the same ones who are now sabotaging the airport. And the third having the same name, the epitome of ridicule--and of ignorance--is that of the MDN, one which has the same format and name as the newspaper of the Somoza group in Miami.

We also have 5 opinion programs, about 6 newscasts and 23 radio stations of which 9 are in Managua and 14 in the departments; and these precise figures, that is, the media at the disposal of the revolution and those of the Right, convince us of two things. First, even if the Right did not exist, the ideological work of the revolution would still be imperative in that revolutionary ideas must flow like a torrent and need a certain degree of action, of common understanding. Imagine how intense this task would be if the Right also had instruments of communication which it would use and manipulate at will.

Second, the fact that, in a country like ours, with a revolution of mixed economy, political pluralism, popular democracy and anti-imperialist principles, and one in which we are trying to set up a project against the will of forces which oppose that project, all these forces, whether they like it or not, are being defeated in every area of communication and by the manifestations of society as a whole.



This philosophy, exemplified by the revolution, this vigorous type of thinking which is penetrating all fields in the social sphere of life, this thinking of Tomas Borge when he speaks of rivers of milk and honey, of parks and children running and chasing butterflies; this thinking of Victor Tirado Lopez when he studies Sandinism and speaks of the gigantic figure of Carlos as an immense guardian destined to protect and guide his brethren and defend the revolution; this idea of Daniel Ortega to have a government which is basically tied to the working people and their needs and which, moreover, must be efficient, able to overcome corruption, dynamic and active.

The thinking of Humberto Ortega when he speaks of defense and strengthening the armed forces, based solely and exclusively on combat moral, the correct use of weapons, and the men and women who participate in defense. This idea of Henry Ruiz when he speaks of the relations between labor and management, of a change in production relations, of social benefits now available to sectors which were neglected in the past.

The idea of Jaime Wheelock to develop, promote and make possible agrarian reform for the first time in our country, and especially in those places where there are still traces of Sandino. The idea of Bayardo Arce to defend the international territory; and the idea of Luis Carrion that, to carry out these tasks, we must have a vigorous, strong, proud, combative party capable of leading its people. To put it one way, these are the basic postulates which the revolution maintains and which are being attacked by the Right.

What would become of the revolution if the news media were in the hands of men and women who, although having the necessary knowledge and experience, would not use those media to defend these postulates, these principles of the revolution?

How could we call ourselves revolutionaries if we permitted the Right to advance, a Right which gambles with these postulates, whose history stems from time immemorial when a few men rose up valiantly to oppose all interventionist regimes, or regimes which intervention established in our country?

What do we answer with regard to the attitudes, behavior and responses given by political sectors or minority groups which reject all flexibility on the part of the revolution? Here, for example, the media law has been proposed; and the behavior of the Right should not astonish us, for we are acquainted with that behavior; it is our own behavior which should surprise us.

As a matter of fact, the Right is greatly disturbed at the opening demonstration of our revolution, particularly since it is an opening of democratic, pluralist, flexible nature. The Right is resorting to the old weapons and old methods of "looking for a hair in the soup" and trying to see what thinly veiled or weak point it can use as an argument, and especially not recognizing that attitude, that opening of flexibility, of democracy of the organizations of the revolution.

Juan told me a short time ago that the law will stir up the most varied polemics, and it undoubtedly will. It will do so at the information level,

at the editorial level, in the newspapers, on the radio and at the level of the State Council, naturally.

The first manifestations have already begun. How far must we go to make the struggle effective in this land? The struggle to normalize both the use and functions of the news media. And I am not referring to the fact that the UPN will get that struggle underway through its representative to the State Council; I am speaking of unleashing the struggle in all corners of the country, in all news media, the radios, newspapers, through dynamic participation. However, this dynamic participation requires seriousness, research and control over the objectives being pursued.

We are not suggesting here that it will be a precise law like that sent by the Ministry of Interior, which will be ratified, for, to be exact, the bill was submitted for correction and any additional ideas. However, it can be said that we must not remain silent when ill-intentioned statements are made when there are bad interpretations, for, in a nutshell, the reaction advances by weaving together all its speculations and seeking a way to overthrow the revolution.

Nevertheless, we ask, Do you think we are doing our best with the resources at our disposal? Do you not believe we could be more forceful, more influential, more educative, more effective in the mobilization and organization of the people with regard to the tasks and requirements of the revolution?

And this planning and challenge we are facing leads, of necessity, to a question, a reflexion which each of you should make collectively and individually, for it is you who give strength to the news media. The wealth--the most effective and greatest potential of the media--is not the transmitters or their equipment; it is you--journalists, technicians, artists--who have the daily responsibility of being the transmission conveyor of the people and for the people.

And this is a serious responsibility. And, just as we ask workers and farmers to acquire more technical knowledge, to increase their productivity, so must we tell the news media personnel that they have a continuing obligation to study, improve and strengthen their job, to plan their work scientifically.

There is a myth that newspaper work cannot be planned, that its pace is so dynamic that there is no room for planning. We believe that this concept is erroneous; that it is possible and necessary to plan the work; that our journalism must be a journalism which generates information and does not confine itself to reporting daily events; that, if we are interested in educating and enlightening our people on some concept or political event, we can direct our efforts toward obtaining the skill, clarification or proof we need. In this country history is made every day by the people. The new society for which we are struggling is being built day by day, and the news must not be something we manipulate but rather something which we, who are directing the course of this revolution, find wherever it occurs, among the working people who are the protagonists in this revolution.

We receive many complaints that journalists are always trying to interview the leaders of organizations, that they do not contact the rank and file, that they do not reflect the opinions of the rank and file but are satisfied to obtain the opinion of the people's leader, the minister, the commander. There are also many complaints by those same journalists that channels of communication of certain institutions are closed to them; they are not treated as workers who convey popular opinion; and, in some instances, their activity is even ridiculed either because they are employees who have been promoted from the rank and file or because they are completely acritical. Both examples are erroneous attitudes, for in both cases the opinion of the broadest sectors of the people is not being expressed.

We must not forget that, since this is a democratic and popular revolution, it is our people who are making the changes; it is no longer a matter of the interests of a dominant exploiting class; now it is the actor, subject and molder of its own history; and therefore, it has much to say and has a right to be heard, just as the media--which are also of the people--must reflect this popular characteristic, being the voice and instrument of the people.

Objectivity is possible when it is not contrary to history; when that which the news media reflect is the historic event of society and its contradictions; this is possible only when the communication medium is in tune with the popular perspective; when it reflects, not the interests of decadent groups which have very little to say in face of the relentless wheels of history which move inexorably forward; but only when it reflects the perspective of large groups which have freed themselves from the chains of exploitation and are advancing with great steps toward the construction of a society which does not deny them the right to life, basic possessions, all they have always worked hard to get but never received.

That is why we have said to you that it is necessary to work with new formats, with new concepts, from the people and for the people, since, only through that means, shall we really be practicing objective journalism based on facts and not as the reaction does which bases its arguments on desires, on their need for survival, by inventing majorities, opinions, news, to try to prove that they are still belligerent. But we ask, What would remain of the reaction if LA PRENSA no longer existed? Where is its organization, its strength, its people? They are playing a fictional role. We are enriched by a vigorous abundance, by the energy of those who are really doing things and helping this country go forward: our workers, our organized and armed people, wise and great, proud and heroic.

The UPN must discuss all these things among its members. It must struggle against any tendency toward apathetic and bureaucratic journalism; it must combat individualism and unsound competition which still exists; it must promote collective effort, collaboration, technical perfection and professionalism among its members; it needs to come up with a journalism for the people and of the people; it needs to show responsibility toward the public; it needs to promote the new social function of the news media; it needs to stress the planning of journalistic work; it needs to search for a language which reflects reality in all its richness; there must be argumentative, analytical, serious

and influential planning of the information which will result in ideological coherence...; adequate use should be made of the unlimited freedom of the press which exists for the Nicaraguan people--for it is for the people that this freedom exists and not for their enemies--and the reaction is not willing to understand this....

All this involves great tasks, and, since the news media are the mobilizers and organizers of the activity of the masses, the media personnel, you, the journalists, have the obligation to be better organized day by day, to strengthen politically and qualitatively your union organization, the UPN, to be able to carry out the mission of collaborating with the people in the construction of your own democracy, since, to do this, the people must be aware of their rights and duties and must therefore be informed. To enlighten them politically, educate them, give them the analytical instruments which will enable them to convince themselves with facts--all this you can accomplish through means of sound, pictures, the spoken word, all part of your potential; so that they may be convinced, seeing themselves reflected as a single individual manipulating a plow or a gun, with his own strength, knowing that the future holds risks, threats, immense challenges, but having in their midst and as their vanguard the FSLN, the moral fortress which makes this revolution irreversible, steadfast and unshakable in history to remain forever.

A Free Fatherland or Death!

8568

CSO: 3010/1280

## CAMPAIGN AGAINST APRA SECRETARY GENERAL REPORTEDLY FAILS

Lima EQUIS X in Spanish 8 Mar 82 pp 22-23

[Article by Celso Romera]

[Text] An internal "coup" within APRA [American Revolutionary Popular Alliance], the purpose of which was to oust Secretary General Fernando Leon de Vivero, has just failed, due to resistance by the rank and file and the middle leadership, as well as the firmness with which Leon, who was eventually reelected, dealt with the situation.

Those who wished to remove Leon de Vivero from the APRA leadership believed that conditions were most propitious for their plan because of the long campaign by CARETAS and the rest of the Belaunde-oriented press against Carlos Langberg, his alleged and unproven links with the narcotics traffic and his friendship with certain APRA leaders, such as Leon himself and Cesar Lopez.

The mammoth and insidious campaign of disparagement against the APRA was considered by them to be sufficiently hot to soften the radical thinking of Aprism. Among them were certain leaders who have wanted Leon de Vivero out for a long time, and they tried to accomplish this on several occasions, because Fernando had become the spokesman for the rank and file and for the radicalized APRA leaders--a rank and file and leaders who went openly and spontaneously beyond what certain historical leaders could have foreseen. The latter had lost control and wanted to regain it.

All the attempts at reconciliation with Andres Townsend, and to bring about as quickly as possible a convention to "solve the problem of unity," had as their objective the weakening or nullification of Fernando Leon de Vivero's authority and the creation of a great coalition of former leaders against the growing radicalization of the rank and file. But those previous maneuvers failed, as did this most recent one.

According to hearsay, it was Armando Villanueva, Ramiro Priale, Julio Cruzado and others who orchestrated and encouraged the vain efforts to unseat Fernando Leon de Vivero and to discipline Cesar Lopez. Armando Villanueva had acted decisively in that respect, although without participating directly in the meetings. Armando Villanueva gave an early hint of what was to happen when, in his speech at the last Aprista meeting, he insisted that there should be new leaders for the National Executive Committee (CEN), encouraging a

reorganization of the APRA's highest governing body aimed at breaking down Fernando Leon de Vivero's majority support there.

In the last two sessions of the CEN, in fact, the alleged need to change the composition of that body, including the secretariat general, was proposed. The immediate convocation of a convention was requested to study, in addition, other ways of replying to the rightist campaign against the APRA. But there was only one real purpose: to get rid of Leon de Vivero.

The sessions were extremely heated. The overwhelming majority of the CEN stubbornly opposed the immediate convocation of the convention because they knew what was behind it. The date of the convention was set, in principle, for the month of July.

Finding itself defeated, the antiradical group changed its tactics. This time it demanded--pulling out all the stops and using the strongest and most varied pressures imaginable--that Fernando Leon de Vivero submit his resignation to the secretariat general "to save APRA's image," in view of the CARETAS campaign. Leon de Vivero firmly resisted all pressures and declared that he would not resign because he had been elected by a congress and because, in addition, according to the bylaws APRA offices cannot be resigned.

Again the majority of the members of the CEN supported their secretary general. Those who defended Fernando most vigorously were Hilda Urizar, Walter Cuestas, Josmell Munoz, Jesus Guzman Gallardo, Luis Negreiros and Adolfo Guevara Velasco.

The maneuver failed all the way down the line. Fernando Leon de Vivero still has a firm hold on his authority and leadership.

News of Fernando's reelection was received with great satisfaction by the Aprista rank and file, who are now criticizing as an act of cowardice, not to mention political clumsiness, the fact that some leaders, old friends of Carlos Langberg, have denied any connection with that businessman, who has indisputable Aprista affiliations. In comparison, they point to the valor and courage of Leon de Vivero and of Cesar Lopez who, at the height of the devilish campaign being waged by the Belaunde oligarchs, were able to say, "Yes, he is a friend; so what?" One of those most criticized in this respect is Armando Villanueva, whom Enrique Zileri accused on television of having approached CARETAS to encourage the campaign against Langberg and of having later denounced that campaign as a plot. That is why Zileri publicly called him a "cynic." Two Aprista union leaders told EQUIS X: "Let us hope that Armando can reply to Zileri's insult quickly and properly."

The same union leaders and several sector leaders were indignant that not a single Aprista voice was raised to defend Jorge Idiaquez, who was unjustly mistreated by the rightist press. "Jorge was at Haya's side for 50 years; he is the symbol of loyalty. Now they disagree with him, and he should be defended," they said.



## ALVA ORLANDINI CHARGES ULLOA'S FOLLOWERS WITH FRAUD

Lima EQUIS X in Spanish 8 Mar 82 p 12

[Text] Alvist Position

The second vice president of the republic and president of the senate, Javier Alva Orlandini, announced a short time ago that he would withdraw his candidacy for secretary general of the AP [Popular Action] in view of the fact that there is evidence of fraudulent acts by Ulloa's supporters. In acknowledging receipt of this gesture, President Belaunde suggested that in the next election of a secretary general, only populist mayors and councilmen, as well as AP parliamentarians among others, should participate exclusively. Inadvertently, the authors of this formula did no favor to Ulloa, who is repudiated by the mayors and local authorities in the interior of the country, due to his centralist policy and his refusal to give the municipalities the funds which are due them. Since there is now no possibility of internal fraud, this time Javier Alva has announced that he will definitely be a candidate. He made the announcement during the swearing-in ceremony for the AP District Committee in La Punta on Wednesday, 3 March, and during a similar ceremony in Surco on Thursday, 4 March.

## Fraud

However, in the elections for district, provincial and departmental AP secretaries the fraud continues, according to sources among Alva supporters. They say it has reached the point of being a scandal in Lima, where the Ulloa candidate for departmental secretary, Ricardo Burga, used a group of roving voters (who voted for him, of course) to vote in 15 districts. When the fraud was discovered, the elections were called off in the districts of Jesus Maria, Villa Maria del Triunfo and Santa Maria. The Ulloa supporters know they would lose here. But since the elections are going to have to be held sometime, the Alvist candidate, Hugo Mejia, is confident that he will defeat Burga. All that fraud will have been for nothing, say the Alvists.

8735

CSO: 3010/1204



## CURRENT PROBLEMS, PAST POLITICAL HISTORY SURVEYED

Caracas BOHEMIA in Spanish 15-21 Mar 82 pp 8-11

[Commentary: "The 'Emergency'"]

[Text] Once again the ominous word coup has resounded and is resounding in the country. A practice that at times we thought forgotten within Venezuelan democracy has many, although bad, advocates. Due to the country's relatively critical fiscal situation, there has been a return of those addicted to the coup d'etat and to the restoration of an authoritarian and dictatorial government.

The irresponsible use of some means of social communication in order to divulge ideas of pessimism and defeat is endangering the constitutional guarantee of freedom of expression. With alarm the country is experiencing how pages of newspapers and magazines are being misused in a systematic campaign to undermine the foundation of the democratic system.

Venezuela has neither future nor destiny? Of course it does. And it has capable and competent leaders. Precisely one of the most outstanding political leaders, Jaime Lusinchi, presidential candidate for Democratic Action, made popular the expression "emergency government," but in reference to the future government that he aspires to head. Of course Lusinchi, a complete democrat, expects to triumph in the 1983 elections, in order to establish his "emergency government" at that time. But others, among those whom COPEI [Social Christian Party] representative Leonardo Ferrer defines as "scandalous minds," have taken up the idea of the AD [Democratic Action] candidate who clamors, in an almost impudent and explicit manner, for a Venezuelan coup d'etat.

As Winston Churchill would affirm, democracy is not the most perfect form of government...but it is the least bad of all. Many can say the same for the present Venezuelan Government; it may not be the best, but it was elected by a majority of citizens to govern the country during 5 years to end, as mandated in the National Constitution, in March 1984. And those people are doing very poor service to the country who say that now, without benefit of popular vote, the "emergency government" advocated by Lusinchi should be established, albeit with different purposes and means.

It is well to recall briefly the contemporary political history since 1958, in order to show that in spite of the current difficulty in the Venezuelan

economy, our situation is no worse now than any time before. Romulo Betancourt's government suffered countless difficulties. Upon receiving power, thanks to the decision of a great majority of the people, Betancourt found himself faced with a bankrupt treasury, unpaid debts, very high unemployment, sullen youths enamoured with the Cuban Revolution and a serious capital flight. Betancourt did not lose heart. Nor did the common people. The energetic president, perhaps the most energetic president, decided to decree a salary reduction on the order of 10 percent for public employees (a very grave and dreadful matter). This measure, valient and sincere, produced resentment and even protests (because, as noted well by Machiavelli, a prince who puts his hand in his subjects' pocket puts himself in danger), but most Venezuelans understood that it was necessary and inevitable in order to revitalize the state's economic organization.

Betancourt also saw himself harassed by enemies of another caliber. On one extreme was his old adversary Rafael Leonidas Trujillo y Molina, the ferocious dictator of the Dominican Republic, who, operating from his Ciudad Trujillo, today known by its original name Santa Domingo, sent armed agents who tried to physically eliminate President Betancourt, not once but several times. The assassination attempt on the Avenida de Los Proceres using a high-powered bomb was another in a long series of attempts in which Romulo Betancourt was the target during his hazardous political life. In 1961, Betancourt, badly burned and his body forever flawed by the explosive blast, recovered from the blow, and addressing the nation ("From my sickbed"), he reiterated his iron resolve to rescue the nation from economic and social stagnation and to set definitively the foundation for the democratic system that has cost the lives of many brave, honest and hard-working men, and that nearly brought about the loss of one of the most notable Venezuelans of all time.

But that was not all. Guerrilla war broke out. Idealiatic youths, it must be recognized, impatient with what they considered to be a government afraid to effect basic changes in the country, "took to the hills." Guerrilla groups commanded by Douglas Bravo, among others, began their operations mainly in the mountains of Falcon and Oriente. Guerrilla officers, soldiers and boys lost their lives in that struggle affecting democracy's destiny. Urban guerrilla warfare also flared up. The famous guerrilla Tactical Combat Units spread terror in Venezuelan cities, with the greatest emphasis on Caracas. Those adults living during that time cannot forget the merciless slaughter of police agents. Simple men, at least as simple as present police agents because they lacked an adequate education, were killed, shot in the back by youths fanatic about the "revolutionary" idea, whose watchword was "kill a policeman every day."

The civil-military uprisings in Puerto Cabello and Barcelona, especially in the former, were also a source of tragedy and pain, with a still undetermined number of dead and injured. Both armed movements, in which members of the armed forces and leftist guerrillas participated, would have brought down a president less resolute and less sure of his own ideas than Romulo Betancourt. Nevertheless, the veteran president, like a colossal captain at the helm of the government in Miraflores Palace, laid to the wind, **got control** of the situation and imposed the authority of a democratic government, which went

forward. That made famous Betancourt's line: "I do not resign, and they do not renounce me," when, as today, signs began to appear on the walls of Caracas and other cities, saying: "Romulo, resign," or, in sarcastic abbreviation: "R.r.."

Romulo established a complicated exchange control in order to avoid the flight of foreign currency. Tenaciously he faced indirect aggression from Cuba by the government of Fidel Castro, which was financing, training and sending guerrillas to Venezuelan soil. It was a turbulent epoch, where Venezuela's image in the world was that of a country at war, as agitated as El Salvador today. Those who know say that more than 20 coups were forged against Betancourt, and others are sure that there were many more. But Romulo, with a determination now considered admirable, overcame the difficulties, dispersed the enemy, and in March 1964 he turned the presidency of the republic over to his friend and party comrade Raul Leoni, regrettably now also dead. All of this without an "emergency."

Leoni, who formed a government named Broad Base with members of the parties Democratic Republic Union and Democratic National Front (the latter arose with the candidacy of Arturo Uslar Pietri, who received a respectable vote in December 1963), soon ran into difficulties when the leaders Jovito Villalba and Uslar himself decided to leave the administration. Although subdued, guerrilla warfare continued. President Leoni initiated a process of reincorporation of the guerrillas into legal and democratic life. Quietly, without propaganda Leoni established the system of making secret contact with various guerrilla leaders and their followers in order to agree on the abandonment of subversion. In exchange the guerrillas were sent abroad in a sort of golden exile, since some were given scholarships to study. At the end of a reasonable time the former guerrillas returned to the country, since their military trial had been put aside by the president of the republic, or their sentence had been commuted.

Leoni faced economic difficulties, but not as severe as those suffered by the Betancourt administration. Once the critical situation left to them by the dictatorship of Perez Jimenez had passed, Leoni's collaborators in the economic cabinet cleaned up fiscal affairs, and at the end of the term they were able to turn over a revitalized and healthy Venezuelan economy. In addition to this work, President Leoni had to combat an authentic foreign invasion: the landing at Machurucuto in the State of Miranda. Apparently poorly informed by his Venezuelan allies, Fidel Castro took the direct route, that is, the Caribbean, and sent armed invaders to Venezuela. A peasant who saw the landing gave the alarm and the invaders were captured as they tried to establish a beachhead. With moderation, but with energy, Leoni calmed the country, put the invaders on trial and reestablished democratic law and order.

We do not say this out of nostalgia, but as an expression of still unending surprise. The highjackings of planes and merchant ships continued. Airliners full of passengers were diverted to Cuba all the time, to the point where whoever travelled within Venezuela was prepared to end up at Jose Marti airport (formerly Rancho Boyeros) in Havana, where the highjackers were treated

as heroes and the passengers were secluded under heavy guard in the hotels of the Cuban capital. "Revolutionary" assaults on banks and other establishments were an everyday occurrence. The guerrillas justified the bank robberies with the argument that the money was to be used in financing the struggle against Yankee imperialism and its "representatives" in Venezuela: the democratic governments.

In 1969, when at the end of his term Leoni turned the government over to Rafael Caldera, the new COPEI president began an open policy of attracting guerrillas to peaceful life. It was to precisely that policy that the name "pacification" was given. Many armed rebels were willing to leave the hills or their urban hideouts in order to return to legal political activity. But, in any case, in a number of instances pacification was in vain. President Caldera had the bitter experience of observing that many of the pacified only used that policy as a means of continuing subversive and delinquent activity. Little by little the actions of the "pacified" were discovered, a circumstance which nearly put the Caldera government in check.

However, the Venezuelan economy was strengthened. Leoni, one must remember, had turned over to Caldera a country on the road to becoming a goldmine. There were sufficient funds in the treasury, the balance of payments was favorable, and on the horizon could be seen the promise of exploding petroleum prices. But things, except perhaps for the petroleum market, did not turn out as happily as some had imagined. During the term of Caldera there were even revolts in personnel, as in the case of General Flores, who, offended because Martin Garcia Villasmil had been designated defense minister, entrenched himself in his house until the president of the republic forced him to abandon his position. Later there was much talk of the personal ambitions of General Garcia Villasmil himself, who finished his service in the Defense Ministry on bad terms with Caldera. Fortunately, General Garcia Villasmil was a man of democratic convictions. In 1973, he presented himself as candidate for the presidency of the republic, and he was one of those defeated by the whirlwind of Carlos Andres Perez.

The Perez government was certainly marked by great calm and few institutional conflicts. Not for a moment was there talk of a coup during his administration although confidentially there were reports of several attempts being plotted during the Caldera administration.

What is going on in Venezuela? Nothing unprecedented. The economic situation under Romulo Betancourt was much worse than now, but that did not mean the loss of still incipient democratic institutions. Editor Armando de Armas, in an editorial published by 2001, MERIDIANO and other publications of the DEARMAS Block, put it this way: "We do not believe that the present circumstances are favorable for treating Venezuela's problems with euphemisms and circumlocutions. We are convinced that one must call things as they are, without evasion of any sort. In this sense we should begin by saying that the country is witnessing the perpetration of a vulgar disgrace to its true interests."

And as stated by Dr Arturo Uslar Pietri, a man whose voice should always be listened to, a dictatorship is no solution for a country's problems, because

that type of government has never solved anything. Recalling the dictatorship of Perez Jimenez, the only results were certain material works whose planning and execution were foreseen by the governments of Romulo Betancourt and Romulo Gallegos (1945-1948). They were not the creation of Perez Jimenez. Dictatorships are always aided by subordinate private interests. In another paragraph in the mentioned editorial, editor De Armas says that "degrees more or less, Venezuela wants to rise to higher levels, not descend into already unsuccessful and detestable experiences. Alarmism is the most noxious of ingredients and the worst of paths when the nation should calmly face what may be a difficult situation but that in no way is even close to being catastrophic."

Political leader Americo Martin, who participated in the guerrilla struggle that we recall here, agrees with editor De Armas: "One should make neither alarmist nor catastrophic predictions," says Martin. Representative Rafael Heredia points out that "to be rash, unpatriotic and inexact is to put the country in bankruptcy." And President Herrera himself has asseverated that the country's development programs will not cease because of the reductions in the national budget, to date amounting to 6.5 billion bolivars.

Who is stimulating a collapse? De Armas's editorial observes: "To close the borders, to isolate ourselves from the world, to suppress the Free Port of Margarita and once again let the island languish, so that no one travels, no Venezuelan buys even a suit abroad, would seem to be means destined to strengthen one industry--textiles--whose failure, in spite of all the supports and protection, should be seen in its own administration and in the probable lack of knowledge on the part of its managers."

It is also appropriate to think that "in effect, one will have to make budgetary adjustments, and one should proceed to correct political and administrative errors. It is high time that corrections be made. It is a rather opportune and convenient time. But there is a world of difference between that and proclaiming an emergency situation and emergency government when elections are so near, and this could take us to the brink of an institutional action, which, fortunately, no one in our country either wants or accepts. No one, of course, who is in his right mind and who sees with patriotism the alternatives available to the nation's collective destiny and moral health."

Therefore, the country should be alert and very awake so as not to be confused by voices speaking under the guise of a false superpatriotism, that are only promoting "solutions" that are really not solutions at all, except for their own pockets and their own individual and group pecuniary interests. The attack is not just against a government, but against the democratic system itself.

Although the same voices boldly affirm that in Venezuela there are no honest and capable politicians (democratic) to put the country on the best path, the facts and contemporary political history itself demonstrate that we have honest and above all impartial leaders.

As said by Romulo Betancourt, recalling the words of Goethe, one must press ahead. "Forward, on top of the tombs, forward."



## BRIEFS

MILITARY GOVERNMENT PROPOSED--At a well-attended dinner given in his honor by his followers, Gen Luis Enrique Rangel Bourgoïn dared to point an accusing finger at the problems affecting Venezuela. In a brilliant speech that demonstrated his oratorical qualities, Rangel stated that Venezuela is in need of a government that will put into effect an efficient public administration, that will make education an instrument for the total development of youth, that will restore the social discipline to give democracy a new orientation. To be sure, for Rangel democracy should be integral, total. "Not like that which we now have, but much more complete and with profound human content." For him liberty acquires a universal connotation. Without doubt these words spoken by a military man take on a double meaning, for we are accustomed to seeing the contrary. And, proceeding from this dynamic concept of democracy, Rangel and National Recovery, in accordance with the National Constitution, have dared to propose to the country the formation of "a civic-military government" to take Venezuela along the path of definitive transformation. With this proposal General Rangel and National Recovery have given themselves favorable political prospects in the country. We will soon see the results. [Text] [Caracas BOHEMIA in Spanish 15-21 Mar 82 p 7] 9746

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